

## SENATE—Friday, June 2, 1989

(Legislative day of Tuesday, January 3, 1989)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the Honorable THOMAS A. DASCHLE, a Senator from the State of South Dakota.

## PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

## THE PRAYER OF COVENTRY CATHEDRAL

Father, forgive.

The hatred which separates race from race, nation from nation, class from class.

Father, forgive.

The covetous striving of persons and peoples to possess what is not their own.

Father, forgive.

The greed for possessions which exploits the labor of people and destroys the Earth.

Father, forgive.

Our envy of the prosperity and happiness of others.

Father, forgive.

Our lack of sympathy for the distress of the homeless and refugees.

Father, forgive.

Our desire to misuse the bodies of men and women for immoral purposes.

Father, forgive.

Our pride, which misleads us to place confidence in ourselves, and not in God.

Father, forgive.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, June 2, 1989.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable THOMAS A. DASCHLE, a Senator from the State of South Dakota, to perform the duties of the Chair.

ROBERT C. BYRD,  
President pro tempore.

Mr. DASCHLE thereupon assumed the chair as Acting President pro tempore.

## RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the standing order, the majority leader is recognized.

## THE JOURNAL

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## ORDER FOR MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that this morning, following the time for the two leaders, there be a period for morning business not to extend beyond 10 a.m., with Senators permitted to speak therein for up to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, at 10 a.m., this morning, the Senate will resume consideration of the supplemental appropriations bill, H.R. 2072. Under the unanimous-consent agreement entered into last evening, there will be a total of seven amendments in order today. As I indicated yesterday, and as part of the agreement, there will be no rollcall votes today under the unanimous-consent agreement. Any rollcall votes ordered today will be stacked to occur not earlier than 4:45 p.m. on Tuesday, June 6.

On Tuesday, Mr. President, the Senate will return to consideration of the supplemental appropriations bill at 9 o'clock in the morning, and under the order a total of five amendments will be in order. It is my hope and intention that we complete action on the supplemental appropriations bill on Tuesday.

## RESERVATION OF LEADERSHIP TIME

Mr. MITCHELL. Mr. President, I reserve the remainder of my leader time, and I reserve the leader time for the distinguished Republican leader.

## MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of morning business, not to extend beyond the hour of 10 o'clock, with Senators permitted to speak therein for not to exceed 5 minutes each.

Mr. MITCHELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROCKEFELLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## SUPER 301 PROVISIONS OF THE OMNIBUS TRADE ACT

Mr. ROCKEFELLER. Mr. President, I rise to applaud the recent decision of the Bush administration to cite Japan, Brazil, and India under the Super 301 provisions of the Omnibus Trade Act. Frankly, I am relieved and grateful that the President has chosen to use this tool that is now at his disposal to deal with unfair trade barriers. However, I also want to point out why I believe that this decision while good, is not strong enough.

To begin with, I am disappointed by the limited scope of the administration's decision. The Super 301 process was designed to form the core of an aggressive American trade policy under which we would look comprehensively at trade barriers around the world, highlight those that hurt us the most, and then negotiate intensively for the dismantling of those barriers. There is no doubt that the six practices cited in Japan, Brazil, and India represent serious barriers to trade. However, the National Trade Estimate Report, which is where the truth is told and which is supposed to serve as the major source of information on which to make the Super 301 decisions, cited hundreds of barriers in 34 different nations. It is astonishing to this Senator that, with a \$130 billion trade deficit in 1988, the administration concluded that only three countries and six practices merited citation as, and I quote from the Omnibus Trade Act, the "major barriers and trade distorting practices, the elimination of which are likely to have

the most significant potential to increase U.S. exports."

That was the purpose of Super 301 and why we passed it. We have not really lived up to the dimensions of that charge.

The decision by the administration to propose negotiations with Japan on structural barriers, such as the distribution system, pricing mechanisms, bid-rigging, and antitrust abuses, is of course, a welcome one. I would have preferred, however, that this decision had been made under Super 301. As it is, we will merely, and I quote from Ambassador Hills, "propose negotiations with Japan on structural adjustment matters." If the Japanese refuse to negotiate, or if the negotiations end in failure, nothing happens.

Mr. President, we created Super 301 to provide American negotiators with the muscle necessary to ensure market opening abroad. Even the Japanese themselves refer to the need for "galatsu," or "foreign pressure," to force Japan to make politically unpalatable decisions, which they must make. I worry that this new structural dialog will just be more of the same old thing—lots of discussion and little change. Of course, I would like nothing better than to be proven completely wrong.

Our message should be clear to all our trading partners as the Super 301 process gets underway. The United States has no intention of closing our markets. We never have, and we never will. But we also have no intention of allowing others unfettered access to this, the world's largest market, without similar access to theirs. That is only fair and right. Under Super 301, we will negotiate over what we see as improper trade barriers. Should this process succeed, everyone benefits. Should this process fail, we are prepared to retaliate, and retaliate we must. Our goal is, I repeat, to open up overseas markets. But no one negotiates with a paper tiger. Unless others believe that there is a penalty to pay for not removing trade barriers, then they have no incentive to negotiate seriously with us.

Super 301 provides the necessary and credible threat, and, in fact, it has already worked exactly as we hoped in influencing the practices of other countries. A number of our trading partners were worried earlier this year that they would be cited under Super 301, and they had every reason to expect so. Because this was so distasteful to them, and because they truly believed our threat, South Korea and Taiwan, in particular, have gone to extraordinary lengths to avoid the Super 301 designation. For example, beginning in February, Korea sent streams of trade officials to Washington to negotiate. At the end of April, 1 month before the Super 301 designation deadline, USTR published the "National

Trade Estimates." This served to quicken the pace of the Korean negotiations, and they agreed to significant trade liberalization in such areas as foreign investment, agriculture, pharmaceuticals, cosmetics, foreign advertising and travel agencies. Taiwan followed a similar process, and avoided designation. No one should believe for a minute that either Korea or Taiwan would have made these changes without the effective and credible threat of Super 301.

Next year, we will go through this process again. My hope is that, as the next deadline for designation under Super 301 approaches in 1990, the lessons learned from Korea and Taiwan, plus the tough negotiating stance I hope we will take with Japan, Brazil, and India, will convince others to negotiate seriously with us to avoid Super 301 designation. Trade liberalization benefits all countries and the international trading system. The proper use of Super 301 will contribute to freer and increased trade.

As a final point, the administration included Japan, along with 17 other countries, on something called a "Watch List" for special attention because of intellectual property-related barriers. This was an important and proper step taken by the administration that should get wide notice but has not. Although we cooperate closely with Japan on many intellectual property issues in the Uruguay round and other multilateral forums, the fact is that the Japanese patent system puts up significant and unacceptable barriers to foreign high-tech companies trying to sell their products in that country, to wit, Japan. In the Foreign Commerce and Tourism Subcommittee, we held two hearings on this serious problem and heard a litany of serious complaints about Japan.

The United States has just completed its second bilateral working group meeting with Japan to address these patent problems. Unfortunately, little progress has been made. The administration's decision to place Japan on the watch list highlights our concern about these practices. But it is Japan that should pay attention, and it is Japan that must negotiate seriously with us.

To summarize, the months ahead are critical. Now that the administration has triggered the Super 301 process against three specific countries, we must use it effectively. When we in the United States make it clear that we are serious about this process, we should start to see actions by our trading partners that are long overdue. This will benefit us all.

Mr. President, I thank the Chair and yield the floor.

## TRIBUTE TO SENATOR CLAUDE PEPPER

Mr. THURMOND. Mr. President, I was deeply saddened to learn of the death of Senator Claude Pepper, a man who has given so much of himself to all of us, to the people of Florida, and to all Americans. I rise today to pay tribute to this outstanding man.

Senator Pepper was born on September 8, 1900, on a farm in Chambers County, AL. He graduated from the University of Alabama in 1921 and received his law degree from Harvard University in 1924. Upon graduation from law school, Senator Pepper taught law at the University of Arkansas for 1 year and then moved to Florida during the time of its great economic expansion in the 1920's. Senator Pepper's first position as a legislator came in 1929 when he began his career in the Florida State House. Seven years later, Senator Pepper was named to complete the term of Senator Duncan Fletcher, who died in office. Senator Pepper served in the U.S. Senate for 14 years, and returned to Florida to practice law.

In 1962, a new congressional district was created in Miami and Senator Pepper staged a great political comeback and returned to Congress, this time as a Member of the House of Representatives, to work for the people of his State.

Senator Pepper served ably as chairman of the Rules Committee. His tenure as chairman, which lasted from the 98th to the 101st Congress, represented a prolific and successful period for the House of Representatives.

Senator Pepper also served as chairman of the Select Committee on Crime for the 91st through 93d Congresses, and as chairman of the Select Committee on Aging for the 94th through 98th Congresses. As chairman of the Committee on Aging, Senator Pepper created an awareness of the needs and rights of the elderly that had yet to be realized, and won widespread popularity for his work in that area.

Perhaps the crowning achievement of Senator Pepper's impressive career was his recent receipt of the Presidential Medal of Freedom. The Presidential Medal of Freedom, which is the highest possible award that can be bestowed by the President, was given in recognition of Senator Pepper's distinguished service to the people of the United States. This honor was well deserved and I am proud that Senator Pepper was able to receive this award while he was still with us.

Senator Pepper will be remembered for his many accomplishments as a teacher and lawyer, and as a member of the Florida Legislature, the U.S. Senate, and the U.S. House of Representatives. Most importantly, I believe the memory of Senator Pepper's per-



sonal integrity is imbued with the greatest immortality of all.

I visited Senator Pepper in the hospital on Thursday, May 25, 5 days before he passed away. He was in complete possession of his faculties and appeared cheerful, although I feel that he did realize the gravity of his situation at that time. It was an honor to have spent that time with him.

I am proud to say that I knew Senator Pepper and that he was a fine and honorable man with whom I had the tremendous privilege of working. Senator Pepper believed fiercely in all that he worked for and strove to achieve those ideals with an undying dedication to serve others. Few personal attributes are nobler than that.

#### DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS, FISCAL YEAR 1989

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 10 o'clock having arrived, the Senate will now resume consideration of H.R. 2072, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2072) making dire emergency supplemental appropriations and transfers, urgent supplementals, and correcting enrollment errors for fiscal year ending September 30, 1989, and for other purposes.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER (Mr. ROCKEFELLER). The Senator from West Virginia, my distinguished senior colleague.

Mr. BYRD. Mr. President, the managers are prepared to discuss amendments with Senators. If they will come to the floor early, we can dispose of the amendments that are listed for today one way or another, and perhaps get on to other business or get back to morning business. At least, we can complete our work on the supplemental appropriations bill as far as today's amendments are concerned.

So I urge our friends on both sides of the aisle who have amendments to come and offer them now.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. I ask unanimous consent that I be allowed to speak as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### CLAUDE PEPPER

Mr. DASCHLE. Mr. President, before the first Senator arrives on the floor to offer his amendment to the supplemental appropriations bill, I want to take just a couple of minutes to reflect on our dear friend, Claude Pepper. His body now lies in state in the rotunda. It will do so until noon today. It is rare that anyone is given that right. As I understand it, the last House Member to be accorded that rare privilege was Thaddeus Stevens, who did so in 1868, 121 years ago. But Claude Pepper is a rare individual and he deserves to be in the company of a Lincoln, of a Kennedy, a Roosevelt, a Humphrey.

In 1989, Claude Pepper is the antithesis of a modern-day politician. While many are young, he was old. As many are photogenic, blow-dried products of the television age, Claude Pepper's beauty was all inside.

And when courage seems to be a rare, very scarce commodity, no one demonstrated a strength of conviction greater than our colleague from Florida. As the old saying goes: While many of us think of the next election, Claude Pepper truly thought of the next generation.

How ironic that this man, who defied all tenets of conventional wisdom about success in modern political life, could experience one of the most successful careers in American political history. At a time of great conflict here, in the House, of internal strife, of partisan bickering, Claude Pepper's life recalls another time of conflict and dissension.

Being a victim of the so-called McCarthy era perhaps demonstrates more than anything the stature of the man and the resiliency of his career. But his stature and resiliency was measured not so much by what was done to him as by what he did for others and for all Americans. It is my heartfelt conviction that this man has had as great an impact on his country as any American of his time on health, on economics, on foreign policy, and policy certainly affecting the elderly.

Claude Pepper made his mark. He made his contribution and that contribution, I believe, will live in all perpetuity.

The more I am around here the more I find myself sizing up those around me by their skeletal structure, by three bones: by one's backbone, by one's wishbone, and by one's funnybone. I daresay in all the time I have been here no one has demonstrated better backbone than my friend Claude Pepper. The strength of his conviction, the courage with which he took positions, like the advocacy of a minimum wage 50 years ago at 25 cents an hour, the advocacy of Social Security and Medicare when they were just a gleam in the eye of many who dreamed that one day senior citizens

could live in dignity, the advocacy of positions in both foreign and domestic policy the likes of which most of us only dreamed of advocating with courage and conviction as he did time and again on the floor of the House and the Senate. Yes, Claude Pepper had a backbone.

But he had a wishbone, too. He understood politics goes beyond the next election. Politics goes beyond the next political speech. We are here for a purpose and that greater purpose was what drove Claude Pepper and created the vision which he held about America and what it could be—for the young as well as, the old—a vision that I do not see very often.

Claude Pepper had a funnybone. He did not take himself so seriously, as we all oftentimes do. It was a funnybone that stirred the funnybone in the rest of us, which is not quite as evident.

I well remember his story about an old Kentucky colonel on a late Sunday afternoon, going to a horse race. As Claude Pepper tells the story, there were five horses in that particular race. The colonel went to the betting window and said he wanted to put \$100 on Blue Bell. A little while later he came back and said: I want to put another \$100 on that horse, Blue Bell.

As Claude Pepper tells the story, the race was about to begin. The colonel went to the window a last time and said: I want to put my last hundred dollars on Blue Bell.

A young man came up to him. The colonel was in his eighties. He said: Look, sir, you don't know me and I don't know you but it really does not make any difference. I have to tell you something. I feel terrible about what I have just seen. You put \$300 on Blue Bell and I know that Blue Bell cannot win. You see, I own Blue Bell.

The old man looked at the young man and said: I have to tell you something. It is going to be a darned slow race, then. I own the other four.

Claude Pepper's sense of humor made him a remarkable man.

A backbone, a wishbone, and a funnybone. Claude Pepper will be missed.

From where will come the next Claude Pepper? I do not know. But until he arrives, we have the luxury of reliving the wit, while benefiting from the vision and the courage of an American giant whose gentle shadow shall be as evident tomorrow as it is today.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

# DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS, FISCAL YEAR 1989

The Senate continued with the consideration of the bill.

## MODIFICATION TO THE UNANIMOUS-CONSENT AGREEMENT

Mr. BYRD. Mr. President, there are two amendments on the list that was agreed to by unanimous consent, amendments that remain to be done. I am informed now the amendment by Mr. WARNER will not be called up. I am likewise informed that the amendment by Mr. GRAMM on Central and South American refugees will not be called up. I ask unanimous consent, therefore, that those two amendments be dropped.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORTON. Reserving the right to object, I ask the Senator from West Virginia who is his source of the statement about Senator WARNER's amendment? Am I the source?

Mr. BYRD. It is a source from the Senator's side of the aisle, which I think is very credible. I do not believe that the acting ranking member would have acceded to this request if it had been in doubt. I will be happy to vitiate the request if there is any doubt.

Mr. COCHRAN. Mr. President, if the Senator will yield, if there is any doubt in the Senator's mind whether that amendment will be offered, I recommend we withhold the unanimous-consent request until that doubt is resolved.

Mr. GORTON. I wish you would. I am the source. I believe that it will be, but I think that the statement should come from Senator WARNER.

Mr. BYRD. It will be all right for us to leave the other request as ordered; namely, Mr. GRAMM's amendment will not be offered.

Mr. COCHRAN. Mr. President, if the Senator will yield, we have indications that Senator GRAMM will not offer his amendment, so it will be permissible to enter that order with respect to that amendment.

Mr. BYRD. I thank the distinguished Senator from Washington.

I ask unanimous consent that the previous order relating to the dropping of the amendment by Mr. WARNER be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I yield the floor.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. HEINZ].

## AMENDMENT NO. 133

(Purpose: To provide for administration of the Targeted Jobs Tax Credit)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania [Mr. HEINZ] proposes an amendment numbered 133.

Mr. HEINZ. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 20, between lines 18 and 19, insert the following:

### "STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

"Funds made available under the Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 1989 (Public Law 100-436), that are authorized under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) may be used to carry out the targeted jobs tax credit program under section 51 of the Internal Revenue Code of 1986".

Mr. HEINZ. Mr. President, one of the great and major achievements that we were able to bring about in the enactment of last year's Technical Corrections Act, notwithstanding the name of that legislation, was the reauthorization of the Targeted Jobs Tax Credit Program.

For those who are not familiar with the program, that is a program that since 1979 has assisted some 4 million Americans, almost all of them unemployed, in finding work. These are among our most unemployable Americans as well because the group that is being assisted are all those from economically disadvantaged groups, including disadvantaged Vietnam veterans, SSI, and general assistance recipients. That means a large number of people, who are on AFDC; disadvantaged former convicts; WIN registrants; disadvantaged youth; vocational rehabilitation referrals and others.

I think it is fair to say, Mr. President, that the Targeted Jobs Tax Credit Program, having helped these 4 million people or more, is one of the most effective employment programs we have ever had in the history of this country because it has successfully helped people who have historically found it hard, if not impossible, to break into the job market.

The problem we have, Mr. President, is not with the lack of authorization for this program. It was reauthorized last year, but sadly in spite of that victory the funds to administer that program, at least as perceived by the State employment services, has run out. There was no incremental money, no additional money provided in the

House dire, urgent, supplemental appropriations bill, there being no administrative money, as I said, for this program.

Although it does not make a lot of sense to many of us in this Chamber who believe that States should be able to administer programs that confer an important benefit to the people in their State without depending totally on the Federal Government for the support of such efforts, nonetheless that is the way it is.

I maybe will be smart enough to find a way to not have this kind of catch-22 built into our programs where if we do not provide the administrative money, the States are not left out there high and dry. Right now the situation is the States want reassurance that if they use money from their Wagner-Peyser Act administrative fund, the fund that generally goes to administer Labor Department programs at the State level, some \$800 million a year, the chances are that they will cease processing targeted jobs tax credit applications. If that is the case, we will see the deprivation of millions of otherwise bona fide, needy job seekers who might not otherwise find jobs, deprived of that opportunity to have a real chance in the job market that is conferred by the Targeted Jobs Tax Credit Program.

The thrust of my amendment is very simple. It, in my judgment, merely restates the current law; that is, that States may administer the Targeted Jobs Tax Credit Program from employment service funds. The Department of Labor says that that would be the case, in their judgment, at least probably would be the case even without an amendment, but on occasion, there has been confusion at the State level following the reauthorization of this program and, therefore, it is imperative that the original intent of Congress be clear; and that is that States do have the discretion to use funds from the Federal Government for employment services for this program at their discretion.

Mr. President, I hope my colleagues can support this amendment. The Finance Committee, which has been very supportive of the Targeted Jobs Tax Credit Program, worked long and hard to put this credit back on the track. We know we are going to have more battles ahead of us. We are going to have to reauthorize the program once again, but it would be, in my view, a disaster if we allowed the tax credit to expire simply because no one is willing to administer it.

What we lack is about \$30 million, and the irony of that lack of \$30 million appropriation is that we will have lost a tax credit that when you add up all the benefits and subtract the cost of that tax credit has been estimated to save this country in the way of wel-



fare payments, and the like, some \$400 million a year.

I just want to state for the RECORD some of my own personal experiences with this program. Last year when we were trying to write the technical corrections bill, and I wanted to have some reassurance from my colleagues that this program was working as well as intended, one Saturday when I was in Pittsburgh I called up one of our local supermarket chains, the Giant Eagle chain, and I said I would like you to bring over to your store on the south side of Pittsburgh some of the people who have been within the last 2 years hired under the Targeted Jobs Tax Credit Program. I would like to find out from them when they were hired, what their prior work experience had been, what job they were hired to do, and what they are doing now.

One of them was a legally blind person. Her name was Susan Gephard. She was not totally visually impaired. She was hired originally as a bagger, and she performed that function ably and well, but it was a close-to-minimum-wage job. She, however, did her job so well—and she had been looking for work for quite a long time prior to that—that she was promoted within a matter of months to work at the delicatessen counter and now receives something substantially above a minimum wage hourly rate.

Another individual was Andy Kubiczek. He was originally hired, it must be a little bit more than 2 years ago now, just as a clerk, somebody to wait on you—actually a stock clerk stocking the shelves. Those of us who have done that, as I once did, know that is not the most dramatic or financially rewarding job. He is now the night manager at the largest store in the entire chain, the one over at Fox Chapel Plaza, and since that store is open every night past midnight, it is a major responsibility that he has.

A third example was Lenise Rogers, who was originally hired to do custodial work. My recollection is that she had been on aid to families with dependent children, and she had been trying to get off it for a long time. I remember asking her how many job interviews she had gone to prior to being certified for the Targeted Jobs Tax Credit Program, and she said literally dozens. And then she was certified, vouchered, and got this job. She is no longer sweeping floors. She is now, or at least was then a trainee for being a cashier and by now I suspect she is, a cashier again working at a job that can support her and her family.

Mr. President, I could go on, and indeed I am tempted to go on, but I will not. I am tempted because there are so many absolutely thrilling stories about the success people have had in their lives, taking a situation which was awful, having gone through frus-

trations of going to jobs. I remember one person had 100 job interviews over a 6-month period and was turned down time after time until they were certified as being eligible for this program.

That is not an unusual case history. What even makes me happier is not only do these people get hired—and these are people we want to hire, we want to get them back into the mainstream of America—but once they are given a chance, they really show what people who are given a chance, just like our forefathers, who came over on boats from the old country, that we all came from originally, who just wanted a chance to show what they could do—these people have shown what they are made of; they have made the most of their opportunities; they have progressed; they have been rewarded; and today they can stand shoulder to shoulder with any other American and say, "I am proud of what I am doing. I am moving up on the economic ladder. I can support my family. I am proud to be able to be a part of this country because at last I have learned that this country can work and work for every individual no matter how difficult their original station may have been in life."

That is what this program is all about. I hope and trust that my colleagues share my enthusiasm for this program and can support this amendment.

Mr. BYRD. Mr. President, I compliment the distinguished Senator for offering the amendment. It is permissive. It does not add any money, and it has been cleared on this side. It merely clarifies that State employment service block grants can be used to finance targeted jobs tax credit activities. We can accept the amendment from the manager's viewpoint on this side.

Mr. COCHRAN. Mr. President, the Senator from Pennsylvania has been a very strong advocate of this Targeted Tax Credit Program. It has proven to be very beneficial in many parts of the country. For the reasons stated by the distinguished chairman of the committee, we will be happy to accept the amendment. We appreciate the Senator's offering it.

The PRESIDING OFFICER. The Chair takes it there is no further debate on the amendment. Therefore, the question is on agreeing to the amendment.

The amendment (No. 133) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. COCHRAN. Mr. President, I move to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. HEINZ. Mr. President, I thank the managers of the bill, the chairman of the Appropriations Committee, and

my colleague from Mississippi for their cooperation. I very much appreciate their very kind assistance.

Mr. DODD. Mr. President, I ask unanimous consent to proceed out of order.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DODD. Mr. President, I thank my distinguished colleague from West Virginia and my colleague from Mississippi for allowing me to interrupt the proceedings for the purpose of introducing two pieces of legislation and making a short statement.

(The remarks of Mr. DODD pertaining to the introduction of S. 1116 and S. 1117 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. ADAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

#### AMENDMENT NO. 134

(Purpose: To encourage the Secretary of Agriculture to take steps to stabilize the apple market)

Mr. ADAMS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Washington [Mr. ADAMS], for himself, and Mr. GORTON, and Mr. SYMMS, proposes amendment numbered 134.

Mr. ADAMS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert in the appropriate place:

The Secretary may use his section 32 authority in appropriate instances to stabilize the apple market and to satisfy the requests of recipient agencies.

Mr. ADAMS. Mr. President, this amendment, which is cosponsored by my colleague, Senator GORTON, of my State, encourages the Secretary of Agriculture to take action to stabilize the market for apples.

I understand that it has been cleared by managers on both sides of the aisle, and also by the appropriate subcommittee chairman.

I want to particularly thank Senator BURDICK and his staff for their help in putting this amendment together. I want to thank also the manager and the Senator from Mississippi and the others for the consideration they have given to this. It means a great deal to my State and to the producers of apples.

Under the section 32 program, the Agricultural Marketing Service directs the purchase of commodities to stabilize market conditions. The commodities acquired are generally distributed

through domestic food assistance programs administered by the Food Nutrition Service, like the School Lunch Program.

The apple industry in Washington State, and all across the country has been negatively impacted by the controversy over the use of daminozide in apples. Utilization of section 32 funds to help stabilize this impacted market is a proper use of these funds, and consistent with previous practice.

The bill also allows the Secretary to take into account the desires and needs of recipient agencies like the School Lunch Program. This is important because these programs should retain the ability to have some say in what type of commodities they receive.

I urge my colleagues to accept this amendment.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I am delighted to join my distinguished colleague—

The PRESIDING OFFICER. Will the Senator withhold, please? The time is controlled by the senior Senator from Washington, and the Senator from West Virginia. Who yields time?

Mr. ADAMS. I yield such time as the Senator may consume.

The PRESIDING OFFICER. The Senator from Washington is recognized for 3 minutes and 40 seconds.

Mr. GORTON. Mr. President, I am delighted to join my colleague from Washington State in offering this amendment to help stabilize the domestic apple market.

Our intent is to assist the apple growers of this Nation, who have been adversely affected by recent events beyond its control and not of its own making. Recent fluctuations in the apple market have resulted in the loss of over \$90 million to the apple industry in my State alone. The average price being received for a box of apples in Washington State is \$8 which is \$1.50 below the cost of production. Our amendment simply allows the Secretary of Agriculture to use his authority to help stabilize the apple market and provide some desperately needed relief to the apple industry.

Specifically, our amendment would allow the Secretary of Agriculture to use the discretion and funds provided under existing law to encourage the domestic consumption of apples and apple products. This action is an appropriate function of the Secretary of Agriculture and consistent with past actions taken by the Department of Agriculture on behalf of other agricultural commodities and their markets. I urge my colleagues to join me in support of this important and worthwhile amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, I have discussed this matter and am prepared to accept it. I compliment the Senators on their offering in support of it.

Mr. COCHRAN. Will the Senator yield?

Mr. BYRD. I yield the floor.

Mr. COCHRAN. Mr. President, the amendment offered by the distinguished Senators permits the purchase of apples under section 37 authority by the Department of Agriculture to satisfy the needs of recipient agencies under the act. We appreciate their offering this amendment. It does not provide any new appropriation of funds, but simply calls to the attention of the Department the situation in the apple industry, and we are prepared to recommend that the amendment be approved.

The PRESIDING OFFICER. Is there further debate on the amendment?

Do the Senators yield back their time?

Mr. BYRD. All the time is yielded back on this side.

The PRESIDING OFFICER. Senator ADAMS yielded his time. The question is on agreeing to the amendment of the Senators from Washington [Mr. ADAMS and Mr. GORTON].

The amendment (No. 134) was agreed to.

Mr. ADAMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, the distinguished chairman of the committee has indicated we have a list of some amendments we expect to debate and dispose of this morning, and we hope that Senators will come to the floor to offer those amendments in an expeditious way. I wonder if the distinguished Senator from South Dakota has an amendment.

Mr. PRESSLER. I do not have an amendment, but if there is a momentary pause in the proceedings, I am going to ask to speak as if in morning business.

Mr. BYRD. If the Senator will yield to me just briefly.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. According to the list I have that remains from last evening, the following Senators have amendments which, it was understood, might be discussed and offered: Senator METZENBAUM, Senator GRAHAM, and Senator WALLOP. Does my friend on the other side of the aisle have any of his information?

Mr. COCHRAN. Mr. President, if the distinguished Senator will yield,

we understand there is an effort being made to work out the amendment to be offered by the Senator from Virginia [Mr. WARNER] and we think that will be worked out and not offered. But since we do not have any indication from Senators that the other amendments will not be offered, we assume at this time that they will be.

Mr. BYRD. I thank the Senator.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. I ask unanimous consent to proceed as if in morning business for approximately 3 minutes.

The PRESIDING OFFICER. Is there objection? Hearing none, the Senator from South Dakota is recognized for up to 5 minutes.

#### LOCAL RAIL ASSISTANCE

Mr. PRESSLER. Mr. President, I rise to pay tribute to those Senators who worked on the local rail assistance bill that passed here yesterday, especially to Senator HARKIN, of Iowa. I think we all should remember that last spring Senator HARKIN stayed on the floor until well past midnight negotiating on this bill.

I have been in meetings with him in which we have worked together on this important issue. This bill would not have passed without his leadership.

I have an additional statement on the importance of LRSA and the growth of regional railroads. I am pleased with the resurgence of the short-line railroads in the United States. This has been one of my special projects on the Commerce, Science, and Transportation Committee—to work at helping short-line railroads. My State depends heavily on short-line railroads. Agricultural produce moves by short-line railroads, as does timber, and indeed, all products. They are synergistic with the large railroads. That is important. Rehabilitating some of the trackage has been very important in expanding cost-effective transportation alternatives in rural America, and that will continue as a result of this legislation.

The statement follows:

#### LOCAL RAIL SERVICE ASSISTANCE

The LRSA program would not be alive today were it not for the efforts of Senator Tom Harkin of Iowa. Together, we've been trying to keep this program alive. His late night heroics during the waning days of the 100th Congress brought about a commitment from the Administration to find \$10 million for LRSA. That effort was the turning point.

As sponsor of S. 255, Senator Harkin has been the driving force behind the success we have achieved in authorizing \$10 million for LRSA in fiscal year 1990. I am pleased to have worked with him on this worthwhile project.



The LRSA program came about in 1973 as a result of the creation of the Conrail system. A major change in the program occurred in 1978 when the emphasis was placed on preserving lines before abandonment, rather than after.

Under the guidance of the Federal Railroad Administration (FRA), the program provides entitlement funding for planning or project purposes in each of the fifty states. The discretionary portion of the program can be used for project purposes only.

The beauty of LRSA is the cooperation it encourages between federal and non-federal sources. As previously administered, the federal government contributes seventy percent of the award and another entity must provide the remaining thirty percent. The legislation recently passed reduces the federal portion to sixty percent and increased the remaining percentage to forty.

We are at a time in our nation's history when attention must be given to the state of the infrastructure. Rehabilitation of needy rail lines is especially important to the continued economic viability of rural America. In South Dakota and other states, that means transportation alternatives for agricultural shippers. In other areas, it may mean continued service to a small manufacturing enterprise that finds other modes of transportation cost-prohibitive.

The critical shortage of capital in the railroad industry makes LRSA even more important. Though railroad economic deregulation has led to a healthier industry, it also resulted in the abandonment or reduction of service to many areas. The phenomenon of short-line or regional railroading has developed as an alternative to abandonments or neglected and worn track.

It is ironic to me that, in this Space Age in which we live, where there is talk of high-speed rail transportation in Japan and Europe, and dreams about magnetic levitation trains brought about because of superconductor technology, we still have a freight rail system in deplorable condition. On some track in my state, railroads move at less than ten miles per hour because of poor track condition. As soon as the snow flies or the ground freezes, which happens every winter in South Dakota, trains cannot even run for fear of derailment.

We must continue our commitment to the rehabilitation of our infrastructure. The LRSA program is one tool available to do just that. I again commend my colleague from Iowa, Senator Harkin, for the wonderful job he has done to preserve LRSA.

#### PRESIDENT BUSH'S EUROPEAN TRIP

Mr. PRESSLER. Mr. President, on a separate subject, the recent meeting of the NATO parliamentarians demonstrated strong European support for President Bush's new arms reduction initiatives. I am very proud of President Bush's accomplishments in this area. He has clearly taken the initiative away from Gorbachev, and also has spoken out on something that many taxpayers are concerned about, that is fairer burdensharing, reducing the number of American troops abroad, and trying to persuade the European allies to contribute more to our common defense on an equal basis.

For too long, Japan and the wealthy European countries have been profit-

ing from Uncle Sam's willingness to pay the bills. I hope that President Bush's suggestions will lead to a conventional forces reduction treaty, which could substantially reduce the burden on American taxpayers.

#### NORTH ATLANTIC ASSEMBLY

Mr. PRESSLER. Mr. President, during my visit to the recently concluded North Atlantic Assembly [NAA] in Antalya, Turkey, I had the pleasure of meeting many distinguished European and Canadian parliamentarians. We discussed a broad range of issues—ranging from agricultural trade and arms control to international land conservation efforts, human rights in Turkey and Eastern Europe, and many others.

In fact, these discussions probably are the principal benefit of NAA meetings, which are held twice each year and are rotated among locations in each of the NATO member nations. NAA meetings help to strengthen the sense of common purpose and unity among the NATO allies. Friendships that produce mutual benefits for our respective nations are created. Problems and conflicts are debated and discussed, generating better appreciation for the meaning of diversity within NATO's unity.

Among the European parliamentarians with whom I visited, I especially would like to commend three who seemed particularly informative and articulate. Sir Geoffrey Johnson Smith, a member of the British House of Commons, performed admirably as Chairman of the NAA Defence and Security Committee, as well as a member of the Assembly's Standing Committee. Similarly, Mr. Karsten Voigt, a German Bundestag member, and Mr. Jacques Genton, a member of the French Senate, were very effective as General Rapporteurs. Mr. Voigt was General Rapporteur for the Defence and Security Committee. Mr. Genton performed similar duties for the Civilian Affairs Committee. I was quite impressed with the depth of knowledge, sense of fairness, and leadership ability displayed by these three distinguished parliamentarians. The voters of the United Kingdom, the Federal Republic of Germany, and France should be commended for their perspicacity and good judgment in electing Sir Geoffrey Johnson Smith, Mr. Voigt, and Mr. Genton to their national parliaments.

#### DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS, FISCAL YEAR 1989

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I am going to place in the RECORD a statement describing the provisions of the agriculture, rural development, and related agencies chapter of this bill, so that Senators will be fully advised of the provisions of the bill under the jurisdiction of that subcommittee.

The distinguished Senator from North Dakota is chairman of the subcommittee, and we worked very closely in the development of the proposal made to the Senate under this chapter.

I might mention at this point that the largest provision in terms of dollar amount in the bill under that chapter relates to the Food Stamp Program. The administration submitted a request for additional funds for that program, but the budget request was not received by the Congress in time to be included in the House-passed bill, so Senators will notice that over \$200 million included in the Senate bill for the Food Stamp Program is not in the House-passed bill.

This is a requested item but it is very important. Since the estimates made by the administration in the early part of the year, before the budget for this fiscal year was submitted, did not indicate the numbers of participants who would actually take advantage of the food stamp benefits, the total dollar amount required to fund the program was underestimated, and there is a shortfall in that fund.

Unless it is made up by the approval by the Congress of these additional funds, those entitled to benefits and expected to participate in the program will be denied those benefits because of the unavailability of funds. That is another example to our colleagues of the importance of this appropriation bill, another example of how estimates can turn out to be inaccurate.

We had included in this fiscal year's appropriation a dollar amount to fund the conservation reserve program, another very important program. It involves the payment to landowners of a rental in effect by the Government to idle marginal lands that would better be left in some kind of conservation use for the future or more appropriately for purposes other than production agriculture.

Since we expected a higher degree of participation in that program than there has been, we are not going to need all the funds in the appropriations bill as originally passed by Congress, enabling us to offset some of the additional funds in the bill that will be needed this fiscal year.

There are higher priorities, therefore, that we have identified that can be funded by subtraction of funds from that program.

I hope Senators will be better advised about the need for making these adjustments, and we hope the bill can

be expeditiously approved, since these funds are definitely needed at an early date.

Mr. President, the dire emergency supplemental appropriations bill for fiscal year 1989, as reported by the Appropriations Committee, appropriates a total of \$237,124,000 in program supplementals for activities under the jurisdiction of the Agriculture, Rural Development and Related Agencies Subcommittee.

The Agriculture chapter—chapter VII—contains several critical items. The largest item is a supplemental appropriation of \$224,624,000 for the Food Stamp Program. This amount is necessary to ensure that food stamp benefits will be available through the end of the fiscal year. The current monthly average Food Stamp Program participation rate of 18,700,000 is substantially larger than the initial estimate of 18,300,000, despite continued low unemployment trends.

Another critical item in the Agriculture chapter of the bill is approval of an additional \$40,000,000 transfer from the Commodity Credit Corporation for salaries and expenses of the Agricultural Stabilization and Conservation Service. After the original 1989 budget proposal was submitted in February 1988, the Nation experienced a drought which was one the worst droughts in the last 52 years. That proposal did not include any funding for administering programs related to the Disaster Assistance Act of 1988. Although \$45,427,000 was provided in the Dire Emergency Supplemental Appropriations Act of 1988 (Public Law 100-393), updated crop damage reports, county office workload reports, and December 1988 survey data from the 2,800 ASCS county offices show that producer participation is much higher than earlier anticipated. Thus, USDA estimates a need of an additional \$40,000,000.

Other important items in the Agriculture chapter of the bill include: First, an increase of \$2,500,000 for the limitation on obligations from fees collected by the Agricultural Marketing Service for the cotton classing and tobacco grading programs; second, approximately \$17,000,000 for the Soil Conservation Service to perform work required by the Food Security Act of 1985, in addition to its traditional soil and water conservation work; third, a provision which requires the Secretary of Agriculture to make all the direct farm operating loan money, including that held in reserve, available immediately to the States so that eligible farmers can receive the needed funds to plant their crops; fourth, a provision which extends the period of time from July 31, 1989 to December 31, 1989, in which farmers can refund advanced deficiency payments for that portion of a crop for which a disaster payment was made also, and fifth, an

increase of \$1,000,000 for the National Agricultural Library.

While the Agriculture chapter addresses several critical items, the committee was cognizant of the budgetary constraints and provided offsets for the additional appropriations. One offset which was made in order to provide some additional funds for the Soil Conservation Service reduced the amount available for the Conservation Reserve Program to provide cost-share assistance on crop year 1989 acreage from \$385,000,000 to \$370,000,000. I want to emphasize that this reduction will have no adverse effect on the program because the total number of acres that have been enrolled is below the previous estimate.

In addition, reductions are made in several small direct loan programs of the Farmers Home Administration. Again, I point out that these programs had unobligated funds available, and it is highly unlikely that these funds would have been obligated during the remainder of this fiscal year.

Mr. President, I support the Agriculture chapter and the supplemental appropriations bill as reported by the committee. I commend the chairman of the Appropriations Committee, Senator BYRD, and the ranking member, Senator HATFIELD, for their dedicated efforts and work in bringing this bill to the floor. I urge my colleagues to support passage of this bill so these funds can be made available promptly.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent to speak out of order for not to exceed 15 minutes.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 15 minutes.

(Mr. KERREY assumed the chair.)

#### OPPORTUNITY IN CAMBODIA

Mr. BYRD. Mr. President, on April 5, 1989, Vietnam announced that it would terminate its 10-year occupation of Cambodia and withdraw all of its forces by September 30, 1989. After 10 years of political stalemate, the ice is breaking free in Cambodia, but it is as yet unclear in which direction the ice will flow.

Is there a constructive role that the United States can play to help bring peace to a country which was once a model of international political moderation and diplomacy, and domestic tranquility? Can we help usher in a

new era in Cambodia, an era marked by territorial integrity, free from regional aggression, and an era of political stability, with protection for individual freedoms, free from the nightmare of terror and mindless violence?

If the United States is to play a new role in Southeast Asia, that role must be based on a solid, bipartisan, fully debated and understood consensus. Surely we have learned from our experience in Vietnam, if nothing else, that if we are to succeed in a new policy toward that region, it cannot be achieved through secret policymaking, secret military programs, secret arms transfers, or secret deals. The administration, it was reported by the New York Times on May 30, is considering a covert military aid program in Cambodia, to aid one of the competing factions in the struggle for power resulting from the withdrawal of the Vietnamese occupying forces. It is inconceivable to me how anyone could think that a new military aid program in Southeast Asia could be successful or sustainable without building a strong national consensus to support it. Otherwise, how could military involvement by the United States in that region, even a modest military supply role based on some superficial political calculation, be sustained over the long run? There is no short cut, no easy back door which can circumvent and make unnecessary the building of a knowledgeable consensus for new long-term United States policies in a region which has been purposefully bereft of such policies since our involvement in Vietnam ended so catastrophically.

Mr. President, if the administration believes that a new military aid program is needed in Cambodia, let us talk about it openly, let us debate the merits, let us come to a conclusion that the administration, the Congress and the American people can support. Southeast Asia is fraught with too many memories, too much sad history, too much spilled blood, for the United States to back into a commitment, with no sense of where that commitment may lead.

Mr. President, our recent history in the arms-for-hostages debacle should teach us that secret policies may well be concocted precisely because the policymakers know that such policies cannot stand the light of day and open debate. They are, therefore, suspect on their merits precisely because of the methods of their origins.

Our previous involvement in Cambodia is not a bright spot in our history. After the fall of Saigon to the Communists in April 1975, the United States turned its back on Southeast Asia and was largely silent about the genocidal reign of the Khmer Rouge from 1975 to 1978. Under Pol Pot's leadership, the Khmer Rouge killed



over a million of Cambodia's people in 3 short years.

On Christmas Day 1978, Vietnam invaded Cambodia and installed a client regime, led by dissident Khmer Rouge individuals, backed by over 100,000 Vietnamese troops. While welcoming the overthrow of the Khmer Rouge regime, the world roundly condemned the Vietnamese invasion.

Vietnam was unable to quell rebellion in Cambodia. It had to contend with three resistance factions—the Khmer Rouge, funded and supplied militarily by China and given sanctuary in Thailand; and two non-Communist factions, one led by Prince Norodom Sihanouk. These non-Communist factions have been supported by the ASEAN countries, particularly Thailand, Singapore, and Indonesia, as well as by China and the United States, but have never had the firepower or the number of fighters to match those of the Khmer Rouge forces. Since 1982, the Khmer Rouge and these non-Communist factions have been associated in an uneasy Western-designed coalition against the Vietnamese occupation.

United States policy during the years of Vietnamese occupation of Cambodia has been mainly limited to verbal support for the non-Communist resistance, annual condemnation of the Vietnamese occupation at the United Nations, and contributions to international efforts to feed the estimated 300,000 refugees on the Thai-Cambodian border. At congressional insistence, the United States has provided nominal nonlethal assistance to the non-Communist factions since 1985.

The chief goal of United States policy since the Vietnamese invasion in 1978 has been the ouster of Vietnamese troops from Cambodia. Until recently, the United States has tried to avoid a high public profile in Cambodia and has tried to follow the lead of the ASEAN countries. This has not been a failed policy by any means. On the contrary, it can be argued that one of the chief reasons for the Vietnamese decision to withdraw from Cambodia is the cost of the protracted international isolation of Vietnam brought on by a United States trade embargo and the virtual termination of international aid through the World Bank and the International Monetary Fund.

The United States goal has been simple: get the Vietnamese out and let Cambodia regain its own sovereignty. Now that it appears that that goal may be in sight, the United States should rightly examine what new roles it may play to ensure that the Khmer Rouge does not return to power, and that the Cambodian people be free from new reigns of terror and violence.

The Chinese, who support the Khmer Rouge as a way to rid Cambodia of Vietnamese occupation, have in-

dictated that they are reviewing their policy and are prepared to engage in an active diplomatic role to bring new political stability to Cambodia. The administration is reported to be contemplating a military option, but I have heard nothing about diplomacy. So far, the Congress has received no request for military aid. Secretary of State Baker has made no public pronouncements suggesting that lethal aid to the non-Communist factions is his preferred option.

The current situation in Cambodia suggests that active inventive, international diplomacy might be considered and might be fruitful. The non-Communist countries in Southeast Asia are concerned that the United States has no coherent, long-term policy for the region and that the two Communist superpowers, China and the Soviet Union, will end up imposing their own version of a solution onto Cambodia. The ASEAN nations want the United States to remain involved. They look to the United States for support and leadership. What form should that leadership take?

Mr. President, a policy review is clearly in order. If we are to reengage in Southeast Asia, let us do so. But let us do so only after thorough open debate, with discussion of options and the careful formulation of a new United States policy in concert with other nations that wish to bring long-term peace and stability to Cambodia. There is much at stake here and it seems inadvisable to engage in secret deals, secret policy, secret aid, and repeat the mistakes of the very recent past. As in many other regions of the world, and where political opportunity seems open, an active and inventive American diplomatic role might well find a receptive audience and that is an option that I believe would find the greatest amount of support from the American people at this juncture in the tumultuous history of the Southeast Asian peninsular nations.

Mr. President, I ask unanimous consent to have printed in the *RECORD* the article by Robert Pear, dated May 30, from the New York Times, titled "Bush To Seek Cambodia Arms Aid for Non-Communist Rebel Groups."

There being no objection, the article was ordered to be printed in the *RECORD*, as follows:

[From the New York Times, May 31, 1989]

**BUSH TO SEEK CAMBODIA ARMS AID FOR NON-COMMUNIST REBEL GROUPS**

(By Robert Pear)

WASHINGTON, May 30.—After months of internal debate, the Bush Administration has decided to seek Congressional backing for a covert program to supply rifles and other weapons to non-Communist Cambodian guerrillas battling the Phnom Penh Government. Administration officials said today.

The main purpose of the aid would be to strengthen the position of Prince Norodom Sihanouk in negotiations with the Cambodi-

an Government and with the Communist Khmer Rouge forces.

The Prince has been trying to oust the Phnom Penh Government and its Vietnamese patrons. Earlier this month he indicated that he might be able to reach an accommodation with the Phnom Penh Government under certain conditions. American officials say he would agree to such an arrangement only if it helped him achieve his ultimate goal, restoring the independence of Cambodia.

A State Department official said, "We believe that appropriate assistance will strengthen the political standing in security of the non-Communist resistance and enhance its position" in negotiations for a political settlement of the war in Cambodia.

In addition, the official said, such aid would help the non-Communist force "hold its own" if the Khmer Rouge tried to seize "unilateral control" in the future.

Several Congressional Democrats, including Senators Claiborne Pell of Rhode Island and Alan Cranston of California, have strenuously opposed lethal aid to the non-Communist forces of Prince Sihanouk and Son Sann. They fear that some of the aid might get into the hands of the Sihanouk-Son Sann coalition allies, the Khmer Rouge, whom they see as a bigger danger than the Phnom Penh Government.

The Khmer Rouge, led by Pol Pot, ruled Cambodia from 1975 through 1978 and presided over a brutal period in which at least one million Cambodians died. The Bush Administration says that it is "totally opposed to a return to dominance by the Khmer Rouge" and that it could never accept a Government that included Mr. Pol Pot.

Vietnam invaded Cambodia in December 1978, ousted the Khmer Rouge and installed a Government in Phnom Penh, now headed by Prime Minister Hun Sen. The Khmer Rouge is in an uneasy coalition with the forces of Prince Sihanouk and Mr. Son Sann, a former Cambodian Prime Minister. They have been trying, with some success, to expel the Vietnamese. In April, Vietnam announced that it would unconditionally withdraw all of its remaining troops from Cambodia by the end of September.

The United States has been skittish about military involvement in Indochina since the Vietnam War. A White House official said the non-Communist guerrillas could receive the first batch of American arms by the time Vietnamese troops complete their withdrawal from Cambodia.

It could not immediately be learned what conditions the Administration might attach to aid for the non-Communist resistance. The Administration has opposed Congressional proposals that would require Prince Sihanouk to break his coalition with the Khmer Rouge as a condition for American aid.

David Lambertson, a deputy assistant secretary of state, said the Khmer Rouge would not get any aid provided to the non-Communist forces. "In fact," he said, "there is very little coordination between the non-Communist resistance on the one hand and the Khmer Rouge forces on the other."

Congress could try to block the aid either by passing legislation or by urging the Administration to reconsider. It is not clear whether the critics of such aid, who now include Senator Mark O. Hatfield of Oregon, the ranking Republican on the Appropriations Committee, have the votes to stop it. Mr. Cranston, the chairman of the Foreign Relations subcommittee on East Asia, said

he would explore the Administration's plans at a hearing in June.

Representative Stephen J. Solarz, Democrat of Brooklyn, has supported military aid for the non-communist forces. "A decision to provide lethal assistance to the non-Communist resistance would enhance the prospects for a political settlement" by sending a signal to Vietnam and the Phnom Penh Government that "we are not about to accept the Hun Sen regime as an accomplished fact," he said.

On May 17, Mr. Lambertson assured the Foreign Relations Committee that the Administration would not send weapons to Cambodia before consulting Congress. "I am sure that we would not undertake that sort of step without full consultation," he said.

As of that time, he said, "there has been no decision to provide lethal aid to the non-Communist resistance." But, he said, "We intend to do what we can to strengthen the non-Communist resistance."

When Prince Sihanouk visited Washington in October, he welcomed the prospect of getting "military aid," as well as political support, from the United States.

At a news conference two weeks ago, he expressed irritation at Senator Pell's proposal to ban American aid to any Cambodian faction that was in a coalition or alliance with the Khmer Rouge.

#### DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS, FISCAL YEAR 1989

The Senate continued with the consideration of the bill.

Mr. BYRD. Mr. President, I am happy to see the distinguished Senator from Wyoming [Mr. WALLOP] on the floor. He has an amendment.

I yield the floor.

Mr. WALLOP. Mr. President, before I call up my amendment, let me thank Senator BYRD and his staff for the cooperation and help we have had with these two amendments.

#### AMENDMENT NO. 132

(Purpose: To provide fire research money)

Mr. WALLOP. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wyoming [Mr. WALLOP] proposes an amendment numbered 132.

Mr. WALLOP. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 11, insert the following:

Provided, That \$2,300,000 of the above amount shall be allocated for a research program to be administered by the University of Wyoming for Research to study the effect of the 1988 fires on the area of the Greater Yellowstone Ecological System, to include National Park Service lands, U.S. Forest Service lands, and state and private lands; said research to be conducted by university researchers from across the Nation, chosen on a competitive, peer reviewed basis.

Mr. WALLOP. Mr. President, the purpose of this amendment is to provide much needed money to begin research into the effects of the 1988 fires in the Yellowstone area. The reason it comes on the emergency supplemental is because God's time marches on and will not wait for the 1990 appropriations process. Those fires burned last summer and the early studies must be commenced this summer before all the regrowth and regeneration takes place so that it may be measured as a part of the information necessary for future management and for scholars to understand the effects of fires.

Most everyone noticed last summer the ferocity of the events in Yellowstone. Equally, most everyone has noted with abundant pleasure the resurgence of life this spring. It is that resurgence of life that calls me to make this amendment now because in order to measure it from the beginning we have to be there at the beginning. It thus belongs on the urgent supplemental.

Yesterday the final report of the Fire Policy Management Review Team was released and it recommended additional research related to fire management programs, to include studies of such things as the feasibility of using prescribed burns for predicting fire behavior, and for improving fire information systems. All of that research must begin now.

Some of it can wait, but that which has to do with God's time cannot. And that is the reason why this research must begin now.

I was in Yellowstone Park last weekend. I had a good view of it with Superintendent Barbee and with Chief Ranger Scholley. We saw it from a helicopter. We saw it on the ground. And it is important for the information of Americans who treasure their national parks, for the scientists who guide our policies and policy decisions in them, as well as policy makers, that this transfer of moneys within the budgets of the Forest Service and National Park Service take place.

There is, now, a National Park Research Station in Laramie, WY. The purpose of this amendment is to direct money to that. It is closest. It has the experience on the ground. It already has preliminary data, based on the fires from last summer. So I would hope and ask that the able chairman of the committee might see his way to accept this amendment.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, the Senator from Wyoming proposes to transfer \$2.3 million from the alternative fuels section of the Interior chapter of this dire emergency appropriation bill. The distinguished Senator from Wyoming would use these transferred funds to increase moneys available to

the National Park Service for research on the severe fire in Yellowstone National Park last summer.

The alternative fuels moneys which the Senator proposes to use as an offset are presently scheduled to be returned to the U.S. Treasury as an offset for other expenses in this supplemental appropriations bill. Therefore, I must oppose this amendment as drafted because it would increase the budget authority for the bill by \$2.3 million and the outlays by approximately \$1 million.

I point out that the committee has approved a reprogramming which provides an additional \$1,240,000 for National Park Service research on the Yellowstone fire. This money is in addition to some \$600,000, which the Park Service had already allocated for this purpose. So, the Park Service presently has \$1.8 million for research on the Yellowstone fire.

If the distinguished Senator will agree to transfer a total of \$400,000 from other Park Service activities and he would agree to bill language which transfers a similar amount from the "National Forest System" account to research on the fire impacts on public lands in the Yellowstone area, then I could support what would in effect be an internal reallocation of resources.

Mr. WALLOP. Mr. President, I thank Senator BYRD for his suggestion. I understand the problems that the original form of my amendment poses.

It is my understanding that it is the Senator's understanding, having inquired on it, that the National Park Service will work with the National Park Service Research Station in Laramie concerning the administration of these research funds?

Mr. BYRD. If my distinguished friend requests that the additional money be allocated to the National Park Service Research Center at the University of Wyoming, I would suggest that the Park Service be directed to work with the research center, but only on those research activities that were identified by the blue ribbon scientific panel that studied the Yellowstone fire.

Mr. WALLOP. I am operating on the assumption that I would modify my amendment in the way in which the able Senator suggested, and it is also my understanding that he would expect that about half of these additional moneys would go to the research station for research purposes; is that correct?

Mr. BYRD. That is correct.

Mr. WALLOP. And I also understand that as we move to fiscal year 1990, that the Senator will work with us to find, if the need exists, an increase in fire research funding on that.



Mr. BYRD. The Senator may be assured I will certainly listen to the requests and work with the Senator and, within the constraints that we may be facing at that time, will do everything I can to cooperate.

# AMENDMENT NO. 132, AS MODIFIED

Mr. WALLOP. All of us understand those constraints.

Mr. President, I ask that I might be permitted to offer an amendment in the nature of a substitute to amendment 132.

Mr. BYRD. Mr. President, I have no objection to the Senator's offering an amendment to his own amendment without the yeas and nays having been ordered.

The PRESIDING OFFICER. All time has not expired.

Mr. BYRD. I yield back my time on this amendment.

Mr. WALLOP. I, before yielding back my time, would ask unanimous consent that Senator SIMPSON be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SIMPSON. Mr. President, I am a cosponsor of the amendment offered by my good friend and colleague, the senior Senator from Wyoming. This amendment is very straightforward. It transfers \$12.4 million in Forest Service funds into an account to be used for rehabilitation of Forest Service lands affected by the catastrophic fires of 1989 occurring in the greater Yellowstone ecosystem. Additionally, the amendment would transfer \$2.3 million into a research account for expenditure by the University of Wyoming for study and research on the effect of these fires on Park Service land, Forest Service land, State land and private land.

Both Senator WALLOP and I requested that the Appropriations Committee include supplemental funding for fiscal year 1989 for recovery efforts on Park Service and Forest Service lands following the devastating Yellowstone fires of 1988. Supplemental funding is necessary immediately for the Forest Service expenditures. Items which will be funded by this emergency supplemental appropriation include Forest Service accounts for fuels management, recreational activities, road and trail maintenance, wildlife and fisheries habitat, noxious weed control, soil and water resource improvement, range improvement, trail construction, future fire suppression and other critically important programs.

These recovery efforts will assist not only the Forest Service lands but surrounding ecological systems which were also damaged as a consequence of the fires. For instance, the loss of ground cover and plants in the forests has resulted in increased erosion which is causing increased silting in streams and rivers that flow out of the area. This effect may be many miles

away from original fire zones but it is surely no less connected to the fires. The supplemental appropriation for fire recovery and research is crucial.

Mr. President, I further support the appropriation of \$2.3 million for a fire research program at the University of Wyoming National Park Service Research Center.

The Yellowstone firestorm of 1988 has been described as "the greatest disaster in the history of the national parks," created by prolonged drought conditions, large concentrations of fuels, inaccessible terrain, volatile fire weather conditions, and an archaic "let burn" policy of the National Park Service. Our request for fire related research funds would enable scientists to study the aftereffects of this conflagration and the impact of fighting the fires in the Yellowstone area. Research would be conducted by university researchers from across the Nation, selected on a competitive, peer reviewed basis.

Mr. President, this money is most urgently needed and therefore it is perfectly appropriate for inclusion in this urgent supplemental appropriation measure. I can assure my colleagues that the money will be well spent in order to restore these national treasures and to conduct research on the effects and prevention of future fires.

Mr. COCHRAN. Mr. President, we recommend the amendment as modified be agreed to.

The PRESIDING OFFICER. Without objection, the amendment is modified.

Mr. BYRD. Mr. President, the amendment is brief. Might we have a reading of it for the RECORD?

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

Page 20, after line 5:

SEC. 504. Of the funds appropriated in Public Law 100-446 under the heading "Forest Service, National Forest System", \$400,000 shall be transferred to the appropriation account "Forest Service, Forest Research".

Mr. WALLOP. I yield back the remainder of my time and ask that the amendment as modified now be accepted.

Mr. BYRD. Mr. President, I thank the distinguished Senator for his having worked out this amendment. I also congratulate and thank our respective staffs. I think it is a good amendment and I support it.

Mr. WALLOP. Mr. President, I urge the adoption of the amendment.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Wyoming as modified.

The amendment (No. 132), as modified, was agreed to.

Mr. WALLOP. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, it is my understanding now that the second amendment which the distinguished Senator had on the agreed to list will not be called up. Am I correct?

Mr. WALLOP. Mr. President, if the able chairman will indulge me, I would like to call it up and go through just a quick statement with the Senator.

Mr. BYRD. Very well. I thank the Senator.

# AMENDMENT NO. 131

(Purpose: To provide moneys for fiscal year 1989 emergency fire rehabilitation)

Mr. WALLOP. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wyoming [Mr. WALLOP] proposes an amendment numbered 131.

Mr. WALLOP. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 15, line 15, insert the following after "System": "Provided, That, of the total amount of funds made available to the "Forest Service, National Forest System," not less than \$12,400,000 will be available for emergency rehabilitation in fiscal year 1989."

On page 15, line 15, strike "Provided, That such funds" and insert "Provided further, That such remaining funds".

Mr. WALLOP. Basically, Mr. President, this amendment takes moneys for fiscal year 1989 emergency fire rehabilitation from the current appropriation which only replenishes accounts used to pay the firefighting in fiscal year 1987 and 1988.

The \$12.4 million figure represents the share of moneys needed for emergency fire rehabilitation in fiscal year 1989 that have not already been transferred from other accounts in fiscal year 1989.

None of the moneys in the bill would either repay or fund any costs incurred by the departments in fiscal year 1989 and, even worse, none of the moneys are being used for fire rehabilitation, even though the language in the bill states this as being so.

Instead, moneys are being used to repay accounts depleted in fiscal years 1987 and 1988 for firefighting. This situation has resulted in the embarrassment of using milk carton ads to raise funds for Yellowstone park recovery.

Mr. President, I ask unanimous consent to print an article from the Wyoming Eagle on this in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wyoming Eagle, May 31, 1989]

**MILK CARTON ADS WILL BE USED TO RAISE FUNDS FOR PARK RECOVERY**

**YELLOWSTONE NATIONAL PARK.**—Milk cartons, often used as miniature billboards, will be used to raise money for Yellowstone National Park's fire recovery program.

Beginning next month and continuing through Aug. 15 some milk cartons will feature side panels promoting America's national parks, according to Yellowstone Superintendent Bob Barbee.

The panels will carry information about the national parks and feature graphics of outstanding park features, he said in a news release.

Eighteen panels have been designed for use in the project. Through these panels consumers will be able to learn about a variety of natural, cultural and recreational park areas in the United States.

Additionally, consumers will be able to purchase a "passport" at a reduced rate, said Barbee.

The "Passport to Your National Parks" is a pocket-sized book in which travelers can track their journey's through the national park system. For each book sold, International Paper will donate \$1 to a special Yellowstone National Park Fire Recovery Fund.

An additional portion of the proceeds will be donated to other National Park Service projects, too, said Barbee.

In Yellowstone, the funds will go for a variety of fire-related recovery and rehabilitation projects, such as the rehabilitation or repair of fire lines, trails and campsites established during last year's firefighting efforts.

Money from the fund also will be used on erosion control, backcountry bridge replacement, replacement of a backcountry patrol cabin, enhancement of public education and visitor interpretation exhibits, and various publications.

Research projects designed to evaluate the effects of last year's forest fires and their role in the natural processes in the greater Yellowstone ecosystem also will be funded through the recovery program.

Also sponsoring the project is the Eastern National Park and Monument Association. The fund-raiser is just the latest staged to raise money for Yellowstone's fire recovery efforts.

**Mr. WALLOP.** Mr. President, my amendment respects our obligation to the national parks and forests by funding emergency rehabilitation efforts in the current fiscal year. Moneys will fund such projects as the repair of fire lines, trails, and campsites established last summer, as well as control of erosion and replacement of lost structures.

Mr. President, this amendment is a small investment that will provide a tremendous return. Over a 50-year lifetime, it is said that one tree generates 31,000 dollars' worth of oxygen, provides 62,000 dollars' worth of air pollution control, recycles 37,000 dollars' worth of water, and controls 31,000 dollars' worth of soil erosion. There is more than one tree, as one

might anticipate, contemplated in these rehabilitation efforts.

It is my understanding that the able chairman and the ranking member will call a point of order on this, in that it calls for new outlays. I understand that and would hope that Senator BYRD might make that statement now, so that I might ask him for assistance in the coming year.

**Mr. BYRD.** Mr. President, the Senator from Wyoming is expressing very real concerns about a serious problem in his State. We have read about that problem, and we have witnessed it on TV, the fires that devastated Yellowstone National Park and its surrounding areas last summer. Therefore, it is well known by all of us.

Fiscal year 1988 was the most expensive year in the history of firefighting and public lands. Total costs for these fires in our national parks, forests, and other public lands totaled some \$697 million last year, far in excess of the average for the first 7 years of the 1980's. That average was only \$198 million. Too much, but only \$198 million in comparison to \$697 million last year. In other words, 3½ times as much last year as the average for the first 7 years.

So last year was indeed a devastating year, and Yellowstone National Park was at the heart of that devastation. The committee, when it considered the fiscal year 1989 appropriations for the Department of the Interior and related agencies, provided a contingency to deal with just such an emergency. Section 102 of that act, Public Law 100-446, authorized the Secretary of the Interior to transfer funds from any no year account in title I of the bill "for the suppression or emergency prevention of forest or range fires on or threatening lands under the jurisdiction of the Department of the Interior." And "for the emergency rehabilitation of burned over lands under its jurisdiction. \* \* \*

Similar language and authority are contained in administrative provisions of the Forest Service in the fiscal year 1989 Interior bill.

To date, the National Park Service has transferred \$9.4 million in emergency firefighting funds to Yellowstone National Park this year. In addition, the committee has approved a reprogramming of \$4.3 million to assist the service in coping with the fire recovery effort at Yellowstone.

Similarly, the Forest Service has spent some \$46 million on fire recovery efforts nationwide. It is my understanding that a large portion of these funds were spent in the greater Yellowstone area.

So I would say to the distinguished Senator from Wyoming that we have spent substantial moneys on the Yellowstone fire recovery effort already, sums which will well exceed the total

of \$12.4 million that the able Senator is seeking here.

More important, it is my understanding that the Senator's amendment would increase the outlays for the Interior chapter by perhaps \$3.9 million. Therefore, I must oppose, as I have opposed already a number of times other amendments, I must oppose this amendment on the basis that it would exceed the Interior Subcommittee's allocation in accordance with section 302(b) of the Budget Act.

I say to the distinguished Senator from Wyoming that I will try to work with him in the formation of the fiscal year 1990 Department of the Interior and related agencies bill, within the funding restraints, realizing as I do the catastrophic results of this devastating fire. I would hope that the Senator would withdraw his amendment with that assurance.

**Mr. WALLOP.** Mr. President, on the basis of that assurance, and I have had sufficient assurances from the Senator before to know I can rely upon them, I will in a moment withdraw this amendment, but I would observe that one of the frustrations that we have is the rehabilitation goes to the suppression of the fire fuel load, among other things. Without rehabilitation, we risk great fires, should we have a similarly dry summer this year. That has been one basis of my concern, and the other basis is that though the language in H.R. 2072 does direct that the moneys be used for fire rehabilitation, to our sadness, in this instance, it is not.

Yellowstone is a simply magnificent place for tourists to visit this year and will be in years to come, but we cannot allow fuel buildups and the danger created by dead trees to threaten the public much longer. I think that the 1990 time would be sufficient, and I will expect to work with the able chairman of the committee on those funds for rehabilitation. In the meantime, we, I hope, may join in a letter directing that purposes for which these moneys are reprogrammed and set aside might include a more strenuous effort of rehabilitation.

With that understanding, Mr. President, and with the understanding that Senator SIMPSON be added as a cosponsor, I ask unanimous consent that the amendment be withdrawn.

**The PRESIDING OFFICER.** Without objection, the amendment is withdrawn.

The amendment was withdrawn.

**Mr. WALLOP.** Is it the Senator's understanding that Senator SIMPSON was added as a cosponsor?

**The PRESIDING OFFICER.** Earlier, yes.

**Mr. WALLOP.** I thank the Chair and I thank Senator BYRD and Senator COCHRAN for their assistance on this and will look forward responsibly



to finding the means by which these rehabilitation projects can be done.

Mr. BYRD. Mr. President, I thank the distinguished Senator for his patience. I can understand the problems that are confronting him and his people. I thank him for his cooperation, for his understanding of the problem here and for his willingness to withdraw the amendment and for his having withdrawn the amendment.

I shall continue to work with him in every way I can and with his colleague, Senator SIMPSON, as we continue to address these serious matters.

Mr. COCHRAN addressed the Chair. The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, let me again say to the Senate that we are confronted with an emergency situation. I think the comments of the distinguished Senator from Wyoming indicate there are a number of emergencies confronting the country right now that we should consider. The situation in his State is a very good example of an emergency that requires the attention of the National Park Service and other agencies of the Federal Government to deal effectively with the problems they confront there.

I compliment him on his leadership in finding the right answers to these questions and thank him for his cooperation with our committee.

Mr. WALLOP. Mr. President, may I say that my offering this amendment was in no way critical of the superintendent and his staff of Yellowstone National Park and the surrounding forest supervisors.

They did, last summer, within awful circumstances, and in some instances circumstances beyond the experience of mankind, great work. We are trying hard now to address the problems that were created by those fires. The public will find the parks and forests still great places to visit. It is the future that I am concerned with and not in any way expressing any criticism of the present superintendent of that park.

I thank the Chair and yield the floor.

Mr. BYRD. Mr. President, only two amendments remain on the list as agreed to for today. It is not that we will have completed work on the bill. I wish we could go further, but that was the agreement, and we cannot go beyond what we have agreed to.

So those two amendments that remain are an amendment by Mr. METZENBAUM and one by Mr. GRAHAM. I have the amendment for Mr. METZENBAUM, and I offer it in his behalf.

#### AMENDMENT NO. 135

(Purpose: To direct the expenditure of already appropriated funds for a restoration project at Winton Woods)

Mr. BYRD. Mr. President, I send to the desk an amendment on behalf of Mr. METZENBAUM.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD], for Mr. METZENBAUM (for himself and Mr. GLENN), proposes an amendment numbered 135.

Mr. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

"Sec. . From existing funds appropriated pursuant to Public Law 100-371, an act making appropriations for energy and water development for the fiscal year ending September 30, 1989, and for other purposes, the Secretary of the Army, acting through the Chief of Engineers, is directed to use \$500,000 to undertake preliminary engineering and design for a project at West Fork of Mill Creek Lake, Ohio, pursuant to section 1135 of Public Law 99-662, as amended."

Mr. METZENBAUM. Mr. President, this amendment does not appropriate any additional funds. It simply directs the Army Corps of Engineers to release existing funds that were put in the fiscal 1989 appropriations legislation for a specific project in my State.

The energy and water appropriations bills passed by both the House and the Senate last year included \$500,000 to begin restoring a Corps of Engineers-owned lake in Cincinnati, OH. The money was included in the conference report.

Unfortunately, we have yet to see the funds released by the administration.

On February 21 of this year, I met with the Assistant Secretary of the Army for Civil Works, Robert Page, who informed me that the Office of Management and Budget was holding up the project. He subsequently informed me in a March 22, 1989, letter that he would again approach the Office of Management and Budget and request the allotment of the \$500,000.

On May 3, OMB responded to Mr. Page that they would not release the money.

The question I have is whose decision is this?

The Constitution gives Congress the power to appropriate funds, not the Office of Management and Budget. Congress has already spoken in favor of this project. This amendment simply directs the administration to release the money.

I urge my colleagues to support the amendment.

Mr. BYRD. Mr. President, the amendment of the distinguished Senator from Ohio [Mr. METZENBAUM] would direct the Corps of Engineers to use funds previously appropriated for the west fork of Mill Creek Lake in Ohio. There is no budgetary impact since the funds are currently available

for this work which OMB refuses to allocate. While we cannot commit to future funding because of anticipated budget limitations, I am willing on this side of the aisle to accept the amendment, take it to conference, especially, as I say, in view of the fact that there is no budgetary impact that will result from this amendment.

Mr. COCHRAN. Mr. President, the distinguished chairman correctly states that these are funds which are directed to be allocated and spent which have previously been appropriated. We recommend that the amendment be approved.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment (No. 135) was agreed to.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, that only leaves one amendment, an amendment by Mr. GRAHAM, on the list, and once we can dispose of that amendment, as far as I am concerned, while our work is not done on the bill, it will be done for today because of the agreement.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### RECESS UNTIL 12:30 P.M.

Mr. BYRD. Mr. President, I am told that the only remaining amendment that can be taken up today is being developed by staffs, and by the distinguished Senator from Florida [Mr. GRAHAM], and that it will be about 30 to 45 minutes before that amendment will be ready.

I have inquired of the distinguished majority leader if he has any objection to the Senate standing in recess, and he has indicated he has no objection to such.

If my friend on the other side of the aisle has no objection, I shall ask that the Senate stand in recess.

Mr. COCHRAN. Mr. President, we have no objection to the request, and we compliment the Senator for suggesting it.

Mr. BYRD. I thank the Senator.

Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 12:30 p.m. today. I am hoping that by that time the

amendment by Mr. GRAHAM will be ready.

There being no objection, the Senate, at 11:46 p.m., recessed until 12:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. KOHL].

# DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS FISCAL YEAR 1989

The Senate continued with consideration of the bill.

Mr. BYRD. Mr. President, it is my understanding that the remaining amendment is about ready to be offered. Work has gone forward on that amendment during the recess. I contemplate our being able to take up the amendment shortly. I, therefore, suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## AMENDMENT NO. 136

(Purpose: An amendment relating to Haiti)

Mr. GRAHAM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 136.

Mr. GRAHAM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 14, after line 24, insert:

Section 553(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 as contained in Public Law 100-461 is amended by adding two new subsections as follows:

(11) assistance consisting of sales and donations of agricultural commodities under P.L. 480, in an amount not to exceed \$12,000,000.

(12) animal and plant health programs, where the assistance is primarily for the benefit of the United States.

Mr. GRAHAM. Mr. President, the amendment I sent to the desk relates to Haiti. In the current foreign operations law, there are restrictions on United States provision of aid to Haiti. An exception to that has been humanitarian aid. This amendment would extend that exception to also include Public Law 480 funds which are food for Haiti.

Mr. President, this is being done at the request of and with the support of a wide range of Americans who have been concerned with the situation in Haiti, including the administration and Members of Congress. It would be

a recognition of the progress that has been made under the current government of Haiti toward the goals which the United States has shared with the people of that country: Democratization, human rights, the permission for the use of Haiti as a center for drug transportation.

I believe that this amendment would be an appropriate recognition of the progress that has been made and a desire for further democratization and a return to a period in which the people of Haiti will have legitimate hope for their future.

Mr. COCHRAN. Mr. President, I wonder if we could have a copy of the amendment. I know there has been discussion among staff about the provisions of this amendment, and there has been an effort to work out an agreement to accept an amendment on this subject.

In connection with the provision relating to Public Law 480, there is a new section suggested in the amendment which would add the following language:

Assistance consisting of sales and donations of agricultural commodities under Public Law 480, in an amount not to exceed \$12 million.

I ask the distinguished Senator from Florida whether this is an appropriation of new funds of that amount under the Public Law 480 program for Haiti.

Mr. GRAHAM. No. Currently, there is a restriction on economic aid to Haiti, which makes them ineligible to receive currently appropriated funds including Public Law 480 funds. This amendment would solve even that restriction to the extent making Haiti eligible to receive currently appropriated Public Law 480 funds up to a maximum of \$12 million.

Mr. COCHRAN. As I understand it, it would not require sales to be made or grants in that amount to be made in foodstuffs to Haiti but would simply make them eligible to receive up to that amount; it does not direct that it be given to them. Is that correct?

Mr. GRAHAM. The Senator is correct. It is reapproval of a current prohibition of the types of aid to Haiti.

Mr. COCHRAN. I understand. I thank the Senator very much.

Mr. LEAHY. Mr. President, as chairman of the Foreign Operations Subcommittee, I am happy to accept this amendment by the distinguished Senators from Florida [Senator GRAHAM]. Senator KASTEN and I have worked closely with him on it, and congratulate him for his leadership in trying to deal with the tragic situation in Haiti.

I believe the amendment will allow the United States to be of help in meeting the desperate human needs of the Haitian people. As now written, it will allow the administration to provide \$12 million in Public Law 480 commodities to generate funds to sup-

port health care and job creation programs in Haiti. It also will enable the United States Animal and Plant Health Inspection Service of the Department of Agriculture to resume its program of monitoring hogs in Haiti for swine flu, long endemic to swine herds in that country. This is a needed protection for American hogs against the spread of swine flu to this country.

At the same time, we maintain the existing broad prohibition in the Foreign Operations Act for fiscal 1989 of official United States aid to the Government of Haiti until we see specific steps taken toward the institutionalization of democracy. Before we are prepared to remove this limitation, this Senator must see concrete measure, such as an announcement of a date for elections, and other actions, showing genuine progress toward democracy.

I thank the distinguished chairman of the committee.

Mr. BYRD. Mr. President, this amendment will allow the administration to provide \$12 million in Public Law 480 food to Haiti to help the Haitian people. This is from existing appropriations. There is no new appropriation involved. The amendment provides two exceptions to a ban on aid to Haiti in the fiscal 1989 Foreign Operations Act. It permits a Department of Agriculture program to eradicate swine flu in Haitian hogs and protect American swine herds to continue.

It has been cleared on this side, and we are ready to accept the amendment.

Mr. COCHRAN. Mr. President, I understood there was a discussion with the distinguished Senator from North Carolina, the ranking Republican member of the Foreign Relations Committee, about this amendment. I have not had an opportunity to talk with him. Does the Senator have such an understanding?

Mr. GRAHAM. It is my understanding from staff that the Senator from North Carolina, as is true with all other interested Senators, has approved the language that is the subject of this amendment.

Mr. COCHRAN. Mr. President, I understand we have checked this with the administration. The administration has no objection. As the distinguished Senator stated, there had been a request that language of this kind be included in the bill. Therefore, we are prepared to recommend to the Senate that the amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 136) was agreed to.

Mr. GRAHAM. Mr. President, I express my appreciation to the chairman of the committee and to the Senator



from Mississippi for their thoughtfulness and their patience in the receipt of this amendment.

Mr. BYRD. Mr. President, I thank the Senator for his statement. It has been a pleasure to work with him.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAHAM. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, this completes action on the supplemental appropriations bill for today under the unanimous-consent agreement that was entered into last afternoon and evening. I thank my distinguished and very able friend, the Senator from Mississippi [Mr. COCHRAN] for his co-operation today, for his presence on this beautiful Friday afternoon. That is where we ought to be; we are being paid for it, and he has certainly helped us to expedite the action on these amendments. I also thank those Senators who have had amendments. They have been called up today. They have not kept the managers waiting unduly, and, as far as I am concerned, that completes action on the bill today. We will be back on the bill next Tuesday when the Senate reconvenes after recess over for the weekend.

Mr. COCHRAN. Mr. President, I thank all Senators on this side of the aisle for their cooperation with the committee today. We have moved expeditiously to consider the amendments that were authorized under the order. I hope that on Tuesday this will set an example of how quickly we can move to dispose of amendments, get the bill passed, and get it to conference. We have a lot of work ahead of us. We have an emergency and we need to deal with it expeditiously. I also thank the chairman of the committee for his kind words and cooperation in working with us today.

Mr. BYRD. Mr. President, I appreciate very much the kind remarks of the distinguished Senator from Mississippi.

#### MEDICARE CATASTROPHIC ACT OF 1988

Mr. DURENBERGER. Mr. President, according to the unanimous-consent agreement entered into on the supplemental last evening, we in this body will face an opportunity next Tuesday to make a rather momentous decision I think and certainly a generational decision, in my view, when we take up an amendment by our colleague the junior Senator from Arizona [Mr. McCAIN] which would put off for at least a year implementation of one of the most significant additions to health insurance for the elderly and disabled in America ever passed, the Medicare Catastrophic Coverage Act of 1988.

I thought it might be helpful to those of my colleagues who are still in

town today or their aides and assistants who may be there or their political advisers whichever may still be around on a Friday afternoon preparing for this rather unexpected and I think inappropriate addition to supplemental appropriations to ask some questions in advance of the time we spend on the floor on Tuesday debating the appropriateness of the amendment.

What will be at stake on Tuesday with the amendment is largely a debate over whether or not the Senate Finance Committee, the House Ways and Means Committee, and others who were involved over the period of at least 2 years working with the Secretary of HHS, working with the administration on trying to develop a benefit for Medicare that should have been there from the beginning in 1965—a debate over the appropriateness of the way that was chosen to finance that and other benefits.

There seems to be no question in anybody's mind that the best part of any health insurance plan is the financial protection against financial catastrophe. We have never had that in Medicare. Medicare, like many insurance plans in this country, has simply been a way to access yourselves to primary services, such as doctors and hospitals. Not the way to protect yourself against financial catastrophe so that millions of Americans over the last 20-some years, to protect themselves against financial catastrophe, either had to beg more direct benefits out of Medicare or buy some kind of Medigap or supplemental policy that would guarantee them if their expenses ever got over \$1,500, \$2,000, or \$3,000 a year that they would be covered.

In order to end that unjustified expenditure for unneeded supplements, the President of the United States, the Secretary of HHS, an independent committee, and all of the Democrats and Republicans in the House and Senate with very few exceptions decided last year that the Medicare catastrophic bill was the way to go.

As the current Presiding Officer knows, because we spent about 10 hours yesterday in the Senate Finance Committee in hearing, there has arisen a kind of what some people call fire storm around this country about catastrophic, and I thought today I would just take a couple minutes to suggest that my colleagues ask themselves a couple, three, or four questions before they come to judgment and that they avail themselves of some information that we, I think, yesterday saw perhaps for the first time because of the occasion of our hearing, but that is really very, very important to any decision that our colleagues will take on Tuesday next week.

The basic question most people, at least their political advisers, ask when you come to a medical issue, where is AARP on this subject? So if you want to ask that as your first political question when you come to the floor on Tuesday, you need to know that the 28 million-member American Association of Retired Persons has strongly supported Medicare catastrophic and I trust will oppose the effort to postpone its effect.

The second question you might ask yourself is who started the fire storm? And I noticed yesterday there is one way to answer that question. There is an association that calls itself Senior Citizens Against Catastrophic, and they are headquartered in Las Vegas, NV, which is an appropriate place for this kind of an effort, I guess, and they have been circulating petitions all over this country which I read into the RECORD yesterday which contain allegations about the Medicare catastrophic bill, including the fact that it guarantees that senior citizens in this country will be the persons to have to pay for the medical services for persons with AIDS from now on, and other equally fallacious arguments.

Mr. President, I intend to offer this document for the RECORD next week.

Mr. DURENBERGER. Then I would ask, particularly my 11 Republican colleagues who voted "no" last year on the catastrophic bill and who to the person, including the Senator from Arizona [Mr. McCAIN], used as a rationale that the financing mechanism would not hold up and we would be here on the floor debating general tax alternatives, why they insist on being right and particularly why they insist on tackling the leadership in being right.

This body and our colleagues in the House took what many believed was a courageous stand last year when we added benefits to Medicare which were badly needed benefits and constructed a financing mechanism in which the beneficiaries would actually help pay for these benefits.

Besides the catastrophic limit, which means that no one will have to pay more than \$1,370 a year in part B out-of-pocket expenses, besides the catastrophic on part A, which means nobody is going to have to pay anything for any stay in the hospital except the first day's \$560 deductible, we also added the extension of needed home health services. We put into Medicare for the very first time a wellness benefit, mammography screening.

We put into Medicare for the first time long-term care benefits, respite care for spouses who are caretakers of chronically ill spouses. We provided for the elimination of spousal impoverishment. And we created a new prescription drug benefit which will meet

one of the most substantial needs of a lot of people in this country.

We did it with two kinds of premiums. One, a modest increase to the flat monthly premium and then an income-related supplemental premium which I suspect from the testimony we heard yesterday is what is really at the heart of the objection of certain of these so-called senior groups.

If that is the problem—and again listening to the presentations made at the hearing yesterday—I must ask my colleagues whether or not they are satisfied that by undoing the supplemental premium and going to some other alternative source of funding that they will really have accomplished anything, other than make it more difficult for you, Mr. President, and I, as members of the National Bipartisan Commission on Comprehensive Health Care, to do the job we were sent to do to provide health insurance for all Americans.

I hope—and sometimes even pray—that my colleagues, as they think about this over the weekend, will remember that we are talking about 32 million Americans who are already insured. Most of our over 65 and seriously disabled Americans have health insurance. They have some of the best health insurance in the world. But they do have health insurance. When they are sick, they can go to the doctor. They can go down and get certain examinations paid for 80 to 20 coverage. They can go to the hospital and all they pay is the deductible. They have health insurance, all 32 million Americans, including my parents.

But you and I, Mr. President, along with 10 of our colleagues in the House and the Senate and 3 other persons, have the obligation by November 9 of this year of finding a financing solution for the 37 million Americans who have no health insurance whatsoever. We also have the obligation of coming up with a recommendation for the long-term care problems that face the 32 million elderly Americans.

So before we are quick to say, "Let's leave the income tax rate at 33 percent for awhile," or "Let's go back to the payroll tax," or "Let's go someplace else," I hope that the proponents of this amendment would think about where we are going to deliver on our promises not just to the 32 million who already have health insurance but to the 37 million who have nothing and to the elderly whose most desperate need is long-term care.

Now, I said at the beginning, Mr. President—and I do not want to make this too long a presentation—that there is information that is now available to all of us that I will ask at a point here soon unanimous consent to have printed in the *RECORD*. But the basic information that I think will be helpful to our colleagues as they

assess whether or not we are doing right by the elderly and the disabled in this country—the first thing I would suggest that they look at is the actual cost of Medicare relative to its value to beneficiaries.

The 1989 part B cost premium to most Medicare beneficiaries for the whole year will be \$382.80. That is for 60 percent of beneficiaries, per individual. Per couple, that is \$765.60 per year for all of that coverage, including the catastrophic coverage.

Now to give you some comparisons with that to see what kind of a deal that is, a person who is 65 years of age this year, without benefit of Social Security or railroad retirement, in order to get just the part A hospital portion of Medicare must pay \$156 a month or \$1,872 a year. One person to get only the hospital part of Medicare must pay \$1,872 a year. Two people can get not only hospital but the doctors and the medical and the catastrophic and everything else for only \$765 per year.

A retired or an active Federal employee must pay this year in 1989 for high option Blue Cross/Blue Shield coverage a premium of \$183 a month, or \$2,196 per year. That is just the employees portion of that coverage, which is less generous than Medicare's benefits.

This is the point in the *RECORD* I think when I would like to ask unanimous consent that a report we received from the Congressional Budget Office regarding the value of the subsidy in Medicare be printed in the *RECORD*.

There being no objection, the material was ordered to be printed in the *RECORD*, as follows:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, May 24, 1989.  
MEMORANDUM

To: Health Staff.  
From: Sandra Christensen.  
Subject: Subsidy Values Under Medicare.

The enclosed memorandum presents new estimates of the subsidy value remaining under Medicare subsequent to passage of the Medicare Catastrophic Coverage Act. Both annual values for 1989 through 1993, and average annual lifetime values (discounted to 1989) are shown.

The annual values differ from those I prepared toward the end of 1988 for several reasons:

Projections for benefit costs and for premium receipts changed with CBO's annual baseline revision for January 1989. The only substantial change was in receipts from supplemental premiums, which increased substantially. Benefit costs fell slightly.

Estimated interest earnings on HI payroll tax contributions increased, making enrollee contributions to HI benefits higher.

Benefits are adjusted by age and sex. As a result, benefits for enrollees who turned 65 in 1989 are below the Medicare average in the first few years after 1988, while they are above the average in later years (as the enrollee gets older). The 1988 estimates used the average benefit without age/sex adjustment, and hence were not really descriptive

of the 65-year-old cohort I wanted to portray.

All of these revisions tend to reduce the estimated subsidy value. Nevertheless, some subsidy remains in every year for all current enrollees, even for the least-subsidized group—men paying maximum payroll taxes and maximum supplemental premiums.

#### SUBSIDY VALUES UNDER MEDICARE

The Medicare Catastrophic Coverage Act of 1988 expanded benefits, covering the additional costs through higher premiums paid by enrollees. Part of the new premiums are income-related, via an income surtax called a "supplemental premium." Although all enrollees will continue to receive some subsidy under Medicare, most enrollees subject to the supplemental premium will pay more in additional premiums each year than they can expect to receive in additional benefits because of the act. That is, higher income enrollees will see their Medicare subsidies reduced (but not eliminated) by the act; lower income enrollees will receive larger Medicare subsidies than before.

New estimates indicate that the supplemental premium rates written into law through 1993 may be higher than necessary to fund the new benefits, however. The act provides for an automatic mechanism to adjust rates so that receipts will match benefit costs over time, but this mechanism becomes operative only after 1993. Hence, if current projections are accurate, Medicare trust fund reserves will be larger than necessary through 1993, but reserves would be reduced thereafter by holding rates fixed at their 1993 levels until any surplus was eliminated.

All current enrollees will nevertheless receive a sizable subsidy under Medicare for every year from 1989 on. The subsidy remaining under the act even for the least-subsidized current enrollees is significant—at least \$800 a year, on average, over the enrollee's remaining lifetime (in dollars discounted to 1989).

The first section of this paper briefly describes the act and the context in which it was developed.<sup>1</sup> The second section presents estimates of the subsidy value remaining under Medicare for illustrative enrollees. The third section summarizes the discussion.

#### DESCRIPTION OF THE MEDICARE CATASTROPHIC COVERAGE ACT

The primary goal of the act was to improve the insurance protection provided under Medicare for acute-care services. This was accomplished by introducing new limits on enrollee's liabilities for cost-sharing for services already covered by Medicare, and by expanding coverage to include prescription drugs.

Prior to the act, there was no ceiling on enrollees' cost-sharing, and the resultant potential for catastrophic out-of-pocket expenses induced two-thirds of enrollees to obtain private "medigap" insurance to supplement their Medicare coverage. Under the act, cost-sharing in Medicare's Hospital Insurance (HI) program is limited to at most one deductible a year for hospital inpatient stays (\$560 in 1989), and to at most 8 days of coinsurance for stays in skilled nursing fa-

<sup>1</sup> For a fuller description of the act and its impact, see Christensen and Kasten, "Covering Catastrophic Expenses Under Medicare," *Health Affairs* (Winter 1988) 2:579-93; or Congressional Budget Office, "The Medicare Catastrophic Coverage Act of 1988," October 1988.



cilities (for a total of \$204 in 1989). Under the Supplementary Medical Insurance (SMI) program, maximum copayment costs are limited by a dollar ceiling (set at \$1,370 for 1990). Under the new Catastrophic Drug Insurance program, Medicare will pay 50 percent (increasing to 80 percent by 1993) of the reasonable costs of prescription drugs above a deductible (set at \$600 for 1991). There is no ceiling on copayment costs under the drug program.

It was agreed from the outset that the costs of new Medicare benefits would be paid by enrollees themselves. Because of the considerable variation in financial well-being among the aged, however, the Congress rejected the Administration's original proposal to finance new Medicare benefits entirely by new monthly premiums paid by all enrollees. Instead, more than 60 percent of new receipts were to be income-related, in the form of an income surtax called a supplemental premium. Further, Medicaid coverage was expanded so that, by 1992, all

poor enrollees could have their Medicare premiums and copayments paid by Medicaid.<sup>2</sup>

#### CALCULATION OF SUBSIDY VALUES UNDER MEDICARE

The subsidy value of Medicare as presented here is the difference between the expected value of an enrollee's Medicare benefits and the expected value of contributions made by that enrollee to Medicare through HI payroll taxes and premiums (including the supplemental premium). Subsidy values vary by income because payroll tax and supplemental premium contributions are based on income; by age because cumulative payroll tax contributions and benefits depend on age; and by sex because expected lifetime, and hence years of Medicare eligibility, differ for men and women.

The specific calculations presented here are for enrollees who became 65 at the start of 1989. Separate age-adjusted calculations are done for men and women, each at two

alternative income levels. Two versions of the subsidy value are calculated—the present discounted value in 1989 of the enrollee's lifetime average annual subsidy; and annual values for 1989 through 1993 in current dollars. A methods appendix (attached) provides more detailed information about the assumptions behind the calculations.

#### LIFETIME SUBSIDY VALUES

For a man of 65 who earned the average wage for all workers covered by Social Security during his work lifetime (though 1988) and who will face the average liability for supplemental premiums from 1989 until his death, the present discounted value of the total expected subsidy to him from Medicare is \$34,592—or \$2,306 a year (Table 1, top panel). His contributions to Medicare—through HI payroll taxes and Medicare premiums—will cover 39 percent of his expected benefits, while the remaining 61 percent will be financed by other workers' payroll taxes and by general revenues.

TABLE 1.—PRESENT DISCOUNTED VALUE IN 1989 OF BENEFITS, CONTRIBUTIONS, AND SUBSIDY UNDER MEDICARE, FOR ENROLLEES AGED 65 IN 1989

[In dollars per enrollee]

	Self-insured men	Self-insured women	Spouse-insured men	Spouse-insured women	Population weighted average
<b>FOR ENROLLEES WHO MADE THE AVERAGE PAYROLL TAX CONTRIBUTION AND WHO WILL PAY THE AVERAGE AMOUNT IN SUPPLEMENTAL PREMIUMS</b>					
Under prior benefit/premium structure:					
Present discounted value of:					
HI payroll taxes	11,789	11,789	0	0	
Medicare monthly premiums	6,523	9,321	6,523	9,321	
Expected HI benefits	26,378	33,525	26,378	33,525	
Expected Medicare benefits	52,950	72,253	52,950	72,253	
Lifetime subsidy	34,638	51,144	46,426	62,932	
Expected lifetime	15	19	15	19	
Average annual subsidy	2,309	2,692	3,095	3,312	2,649
Ratio of:					
HI payroll taxes to HI benefits (percent)	44.7	35.2	0.0	0.0	32.0
Total contributions to Medicare benefits (percent)	34.6	29.2	12.3	12.9	28.1
Under new benefit/premium structure:					
Present discounted value of:					
HI payroll taxes	11,789	11,789	0	0	
Medicare monthly/supplemental premiums	10,467	15,021	10,467	15,021	
Expected HI benefits	27,115	34,452	27,115	34,452	
Expected Medicare benefits	56,848	77,986	56,848	77,986	
Lifetime subsidy	34,592	51,177	46,381	62,966	
Expected lifetime	15	19	15	19	
Average annual subsidy	2,306	2,694	3,092	3,314	2,649
Ratio of:					
HI payroll taxes to HI benefits (percent)	43.5	34.2	0.0	0.0	31.1
Total contributions to Medicare benefits (percent)	39.2	34.4	18.4	19.3	33.3
<b>FOR ENROLLEES WHO MADE THE MAXIMUM PAYROLL TAX CONTRIBUTION AND WHO WILL PAY THE MAXIMUM AMOUNT IN SUPPLEMENTAL PREMIUMS</b>					
Under prior benefit/premium structure:					
Present discounted value of:					
HI payroll taxes	22,553	22,553	0	0	
Medicare monthly premiums	6,523	9,321	6,523	9,321	
Expected HI benefits	26,378	33,525	26,378	33,525	
Expected Medicare benefits	52,950	72,253	52,950	72,253	
Lifetime subsidy	23,874	40,379	46,426	62,932	
Expected lifetime	15	19	15	19	
Average annual subsidy	1,592	2,125	3,095	3,312	2,135
Ratio of:					
HI payroll taxes to HI benefits (percent)	85.5	67.3	0.0	0.0	61.1
Total contributions to Medicare benefits (percent)	54.9	44.1	12.3	12.9	42.3
Under new benefit/premium structure:					
Present discounted value of:					
HI payroll taxes	22,553	22,553	0	0	
Medicare monthly/supplemental premiums	22,291	31,884	22,291	31,884	
Expected HI benefits	27,115	34,452	27,115	34,452	
Expected Medicare benefits	56,848	77,986	56,848	77,986	
Lifetime subsidy	12,004	23,550	34,557	46,103	
Expected lifetime	15	19	15	19	
Average annual subsidy	800	1,239	2,304	2,426	1,293
Ratio of:					
HI payroll taxes to HI benefits (percent)	83.2	65.5	0.0	0.0	59.5
Total contributions to Medicare benefits (percent)	78.9	69.8	39.2	40.9	67.6

Note.—Population shares are 43.1 percent, 36.1 percent, 3.2 percent, and 17.6 percent.

Source: Congressional Budget Office (May 1989).

Similarly, for a woman of 65 who earned the average wage through 1988 and who will face the average liability for supplemental premiums until her death, the total Medicare subsidy to her is \$51,177—or \$2,694 a

year. Her contributions to Medicare will cover 34 percent of her expected benefits. This is a lower share than paid by a similar man because her expected lifetime at age 65 is 4 years longer—19 years instead of 15.

About one-fifth of those who became 65 at the start of 1989, however, were eligible for HI benefits only because of their spouse's work history. These enrollees paid little or no HI payroll taxes. For a man who made

<sup>2</sup> These and other new Medicaid benefits provided under the act are paid from general revenues. The

premiums paid by Medicare enrollees are used only to pay for Medicare benefits.

no payroll tax contributions, but who will be liable for the average amount in supplemental premiums, the average annual Medicare subsidy is \$3,092. For such a spouse-insured man, contributions will cover only 18 percent of his expected benefits under Medicare. For a similar spouse-insured woman, the average annual Medicare subsidy will be \$3,314; her contributions will cover about 19 percent of her expected benefits.

The estimated lifetime annual subsidy averaged over the entire population of enrollees who were just 65 in 1989 is \$2,649. This cohort of Medicare enrollees will contribute enough to cover about 33 percent of their expected benefits under Medicare. Their HI payroll tax contributions will cover about 31 percent of their expected HI benefits.

For this group of enrollees, lifetime annual subsidy values are virtually unchanged by the provisions of the Medicare Catastrophic Coverage Act. This reflects the financing of the act, under which enrollees' contributions increase by the same amount as the cost of new benefits, on average over time.

The act substantially reduces—but does not eliminate—the subsidy under Medicare for enrollees who pay maximum supplemental premium rates, however. On average, the subsidy value for high income enrollees would have been \$2,135 under the old Medicare program structure, but will be only \$1,293 under the new structure (Table 1, bottom panel). The least-subsidized high income enrollee is the self-insured man, whose average annual lifetime subsidy drops from \$1,592 under the old program structure to \$800 under the new program structure. The share of benefits financed from his own contributions increases from 55 percent to 79 percent because of the act.

#### ANNUAL SUBSIDY VALUES FOR ENROLLEES, 1989-1993

Although lifetime subsidy values are virtually unchanged by the act for enrollees who make average contributions, annual subsidy values for the first five years fall somewhat (Table 2, top two panels). This occurs in part because the youngest aged enrollees examined here have health costs that are below the average for the entire

Medicare population, while new premiums are set to cover the average cost of new benefits. The initial fall in subsidy value is accentuated, however, by the apparent overestimate (mentioned earlier) of the supplemental premiums needed to generate sufficient revenues under the act. In 1989, for example, subsidy values for enrollees making average contributions are about 90 percent of what they would have been without the act.

For a 65-year-old man making maximum contributions—a member of the least-subsidized enrollee group—the subsidy value in 1989 is only 17 percent as large as it would have been without the act, but there is still some subsidy (Table 2, third panel). The subsidy increases in subsequent years as new SMI and drug benefits are phased in, so that the act reduces his lifetime Medicare subsidy by half. For a 65-year old woman making maximum contributions, the subsidy value in 1989 is about 24 percent as large as it would have been without the act, and her lifetime subsidy is 58 percent of what it would have otherwise been (Table 2, fourth panel).

TABLE 2.—ANNUAL SUBSIDY VALUES UNDER MEDICARE FOR ENROLLEES AGED 65 IN 1989

(In dollars per enrollee)

	Calendar years—					Lifetime Average <sup>1</sup>
	1989	1990	1991	1992	1993	
FOR SELF-INSURED MEN WHO MADE THE AVERAGE PAYROLL TAX CONTRIBUTION AND WHO WILL PAY THE AVERAGE AMOUNT IN SUPPLEMENTAL PREMIUMS						
Prior Subsidy Value.....	1,571	1,825	2,062	2,338	2,637	2,309
Change due to act:						
New benefits.....	50	143	209	247	301	260
New monthly premiums.....	(48)	(59)	(89)	(110)	(122)	(81)
Supplemental premiums.....	(125)	(176)	(191)	(206)	(225)	(182)
New Subsidy Value.....	1,448	1,733	1,991	2,268	2,590	2,306
New as percent of Prior Value.....	92.2	95.0	96.6	97.0	98.2	99.9
FOR SELF-INSURED WOMEN WHO MADE THE AVERAGE PAYROLL TAX CONTRIBUTION AND WHO WILL PAY THE AVERAGE AMOUNT IN SUPPLEMENTAL PREMIUMS						
Prior Subsidy Value.....	1,484	1,740	1,980	2,260	2,568	2,692
Change due to act:						
New benefits.....	44	128	188	224	275	302
New monthly premiums.....	(48)	(59)	(89)	(110)	(122)	(98)
Supplemental premiums.....	(125)	(176)	(191)	(206)	(225)	(202)
New Subsidy Value.....	1,355	1,633	1,888	2,168	2,495	2,694
New as percent of Prior Value.....	91.3	93.8	95.4	95.5	97.2	100.1
FOR SELF-INSURED MEN WHO MADE THE AVERAGE PAYROLL TAX CONTRIBUTION AND WHO WILL PAY THE AVERAGE AMOUNT IN SUPPLEMENTAL PREMIUMS						
Prior Subsidy Value.....	956	1,130	1,300	1,493	1,707	1,592
Change due to act:						
New benefits.....	50	143	209	247	301	260
New monthly premiums.....	(48)	(59)	(89)	(110)	(122)	(81)
Supplemental premiums.....	(800)	(850)	(900)	(950)	(1,050)	(971)
New Subsidy Value.....	158	365	519	679	836	800
New as percent of Prior Value.....	16.5	32.3	40.0	45.5	48.9	50.3
FOR SELF-INSURED WOMEN WHO MADE THE AVERAGE PAYROLL TAX CONTRIBUTION AND WHO WILL PAY THE AVERAGE AMOUNT IN SUPPLEMENTAL PREMIUMS						
Prior Subsidy Value.....	1,055	1,252	1,439	1,656	1,898	2,125
Change due to act:						
New benefits.....	44	128	188	224	275	302
New monthly premiums.....	(48)	(59)	(89)	(110)	(122)	(98)
Supplemental premiums.....	(800)	(850)	(900)	(950)	(1,050)	(1,090)
New Subsidy Value.....	251	471	638	820	1,001	1,239
New as percent of Prior Value.....	23.8	37.6	44.3	49.5	52.7	58.3

<sup>1</sup> Present discounted value in 1989 of Lifetime subsidy divided by expected lifetime at 65.

Note.—Benefits shown in table are adjusted for age and sex. Unadjusted per enrollee values for new benefits are 60, 169, 242, 280, and 335.

Source: Congressional Budget Office (May 1989).

Benefits under the act duplicate supplementary insurance already provided to some enrollees as a retiree benefit. In 1988 about 20 percent of Medicare enrollees had medigap-like coverage paid entirely (9.5 percent) or partly (10.6 percent) by their former employers.<sup>3</sup> Although the act requires that some employers provide alternative benefits or rebates in the year that new duplicative benefits are implemented under Medicare, there is no guarantee that employers will

continue the alternative benefits in later years.<sup>4</sup>

But even if the extreme assumption is made that high income enrollees who had employer-paid medigap-like coverage will get no additional benefits under the act, a substantial Medicare subsidy will remain to them. This can be seen from Table 2, by setting the value of "new benefits" to zero and recomputing the "new subsidy value." For the least-subsidized self-insured man, the

lifetime Medicare subsidy would then be \$540 instead of \$800 a year.

#### SUMMARY

The results presented above show that all current enrollees can expect some subsidy under Medicare. The Medicare Catastrophic Coverage Act will have the effect of reducing—but not eliminating—the preexisting subsidy to higher income enrollees, while increasing the subsidy to low income enrollees. On average, however, there is no subsidy to enrollees for new benefits under the act. Rather, the Medicare subsidy calculated here exists because of the financing provisions for preexisting or "basic" benefits, as explained below.

<sup>4</sup> This requirement is imposed on all employers who provided, prior to the act, benefits that would be duplicative under the act whose total value was at least half the national average.

<sup>3</sup> Tabulations from the March 1988 Current Population Survey.



First, because of the short contributory period (only since 1966), no current enrollees have contributed enough through HI payroll taxes to cover the costs of their expected basic HI benefits. Hence, current HI benefits are subsidized from current workers' payroll taxes. This subsidy will gradually be reduced for later retirees, as the contributory period eventually expands to cover the enrollee's entire working life.

Second, enrollees' premiums are set to cover only about 25 percent of the costs of basic SMI benefits, with the remainder funded from general revenues. This subsidy will remain unless the law is changed to require that enrollees' premiums cover the full cost of basic SMI benefits. In fact, this subsidy will increase under current law, because increases in the basic premium for 1990 and later years are limited by increases in the cost-of-living adjustment made each year to Social Security benefit payments.

All of the estimates presented in this paper are for enrollees who became 65 at the start of 1989. If comparable estimates were made for enrollees older than 65 in 1989, subsidy values would be larger because such enrollees would have fewer years' contributions through HI payroll taxes.<sup>5</sup> Subsidy values for enrollees who will not reach 65 until after 1989 will be smaller, as the number of years they contribute through HI payroll taxes will increase eventually to span the enrollee's entire working life.<sup>6</sup>

#### METHODS APPENDIX

For the estimates of subsidy values presented in the text, it is assumed that all self-insured enrollees paid the statutory HI payroll tax rate for each year from 1966 (when the tax was initiated) through 1988, either on average or maximum taxable earnings. Those (typically women) insured through their spouses' earnings are assumed to have contributed nothing through the HI payroll tax. Total payroll tax contributions at the start of 1989 include the workers' contributions, those made by employers on their behalf, and accumulated interest earnings on those contributions—using the rate actually earned by the HI trust fund for each year from 1966 through 1988.

The insurance value of Medicare benefits is based on current Congressional Budget Office projections of Medicare benefit (and related administrative) costs and enrollment. These insurance values are adjusted to reflect the sex and age of the enrollee for each year in the enrollee's remaining lifetime. Based on tables of expected remaining life at age 65, men are assumed to receive 15 years of age-adjusted Medicare benefits and women to receive age-adjusted benefits for 19 years.

It is assumed that all enrollees pay Medicare's fixed monthly premiums. In order to obtain the most conservative estimates of subsidy values, the basic monthly SMI premium (\$27.90 for 1989) is set thereafter to cover 25 percent of the costs of basic SMI

benefits for the aged.<sup>7</sup> The new monthly premiums under the Medicare Catastrophic Coverage Act are fixed in law through 1993. Thereafter it is assumed that the monthly rate will be constant (at \$10.20) until excess trust fund reserves that will build up under current projections are reduced, and that the rate will then be set to cover 37 percent of the costs of new benefits each year.

Two alternative assumptions are made concerning payment of supplemental premiums—either that the enrollee will pay the average liability (total liability divided by number of HI enrollees), or that the maximum supplemental premium will be paid. The maximum is set in law through 1993, and is indexed thereafter to growth in net outlays (outlays net of monthly premium receipts) under Part B of Medicare. The supplemental premium rate is also specified in law through 1993. It is assumed that the rate is unchanged after that, at 28 percent per dollar of tax liability, until excess trust fund reserves are reduced, and that the rate thereafter is set to cover 63 percent of the costs of new benefits.

The rate used to calculate present discounted values is 6.7 percent. This reflects current projections of 2.3 percent for the real rate of discount (growth in real income) and 4.4 percent for price inflation, on average.<sup>8</sup>

Mr. DURENBERGER. Let me briefly say that a lot of people have the notion that Medicare costs them a lot and if it is not costing them a lot out of their premiums, it is costing them a lot out of their taxes at some point in their life. So the Congressional Budget Office was asked to take a look at just how much the Medicare benefit is subsidized by payroll taxes and general revenue. And here is what they said.

A person who is age 65 in 1989, if you include all of the payroll taxes for health insurance that they have paid—assume they started paying in 1966 when we started the hospital insurance trust fund and you accumulate all of the taxes they paid from 1966 to 1989, then you add in all of their premium payments from now until whatever their life expectancy is and you total all of that up, they still receive a subsidy from other persons of \$2,649 per year. The CBO tells us that the lifetime subsidy required from other persons to sustain this very important social insurance program is somewhere between \$34,000 and \$63,000 per beneficiary, given their average life expectancy and whether they are male or female.

Now, that figure is important for two reasons. One, because it gives you some idea of how much health insurance actually costs these days. It is an incredible expense. But it is also important because people will be making

the argument on Tuesday—I trust it is not a lot of people—but those who may support the Senator from Arizona will be making the argument that Medicare is an intergenerational part of a social insurance program and we always finance these from one generation to the other. And that is certainly true.

We have not altered that at all, because all we have taken is this new benefit, the catastrophic, including the drug, benefits and we have said that one will be paid, in small part, by the beneficiaries. But we have left in place a public subsidy of anywhere from \$34,000 to \$63,000 per beneficiary, for 32 million beneficiaries, of transfers from a younger generation to their generation. So we have not disturbed either social compact or the intergenerational compact.

I hope that my colleagues will take a look at the CBO appraisal. I also hope that they will take a look at the May 25 report of the Joint Tax Committee.

I think it would be most appropriate that I ask unanimous consent that certain tables, particularly 3 and 4, pages 14 and 15, from that report be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 3.—MEDICARE CATASTROPHIC COVERAGE ACT OF 1988, DISTRIBUTION OF MEDICARE ENROLLEES BY LEVEL OF SUPPLEMENTAL PREMIUM

(Calendar year 1989)

Supplemental premium per enrollee	Medicare enrollees (thousands)	Percent distribution
Not subject to premium	19,248	58.8
Less than \$100	4,031	12.3
\$100 to \$199	2,824	8.6
\$200 to \$299	2,024	6.2
\$300 to \$399	1,093	3.3
\$400 to \$499	626	1.9
\$500 to \$599	335	1.0
\$600 to \$699	460	1.4
\$700 to \$799	261	.8
Maximum premium (\$800)	1,848	5.6
Totals	32,750	100.0

Source: Joint Committee on Taxation.

TABLE 4.—MEDICARE CATASTROPHIC COVERAGE ACT OF 1988, DISTRIBUTION OF MEDICARE ENROLLEES BY LEVEL OF SUPPLEMENTAL PREMIUM

(Calendar year 1993)

Supplemental premium per enrollee	Medicare enrollees (thousands)	Percent distribution
Not subject to premium	18,387	52.4
Less than \$100	2,302	6.6
\$100 to \$199	2,555	7.3
\$200 to \$299	1,599	4.6
\$300 to \$399	1,648	4.7
\$400 to \$499	1,270	3.6
\$500 to \$599	1,187	3.4
\$600 to \$699	914	2.6
\$700 to \$799	744	2.1
\$800 to \$899	473	1.4
\$900 to \$999	240	.7
\$1,000 to \$1,049	145	.4
Maximum premium (\$1,050)	3,612	10.3
Totals	35,076	100.0

Source: Joint Committee on Taxation.

<sup>5</sup> They might also have fewer years' of expected benefits due to a lower life expectancy, but life expectancy at age 65 has increased at only about 1 year each decade over the last 20 years.

<sup>6</sup> In fact, if HI trust fund reserves accumulating during their working years are insufficient to finance the benefits of the baby boom population when it retires, the Medicare subsidy value could become negative for post-baby boom enrollees. Those enrollees might have to contribute enough not only to fund their own HI benefits, but also to cover some portion of benefits for older beneficiaries.

<sup>7</sup> This provision has been extended each year since 1983. If it were not extended beyond 1989, the subsidy value would be larger. For example, the population-weighted average lifetime subsidy value would be \$2,847 instead of \$2,649.

<sup>8</sup> If a discount rate of .047 had been used instead, the average lifetime subsidy value would have been \$3,375 (instead of \$2,649). With a rate of 8.7 percent, the average lifetime subsidy value would have been \$2,089.

Mr. DURENBERGER. That, I trust, will show that nearly 60 percent of beneficiaries will not be paying any supplemental premium. Only 5 percent of beneficiaries will have to pay the maximum premium and their incomes will be, on average, at least \$80,000 for joint returns and \$40,000 for single returns. Seventy percent of the 32 million eligible beneficiaries will be paying less than \$100 a year in supplemental premium amounts.

Mr. President, I ask unanimous consent that my further remarks on this subject be printed in the *RECORD* at this point and I yield the floor.

There being no objection, the material was ordered to be printed in the *RECORD*, as follows:

[Scheduled for a Hearing Before the Senate Committee on Finance on June 1, 1989]

**OVERVIEW OF PRESENT LAW AND ESTIMATED BUDGET EFFECTS OF THE MEDICARE CATASTROPHIC INSURANCE PROGRAM AND DESCRIPTION OF POSSIBLE PREMIUM OPTIONS**

(Prepared by the Staff of the Joint Committee on Taxation, May 25, 1989)

**INTRODUCTION**

The Senate Committee on Finance has scheduled a hearing on June 1, 1989, on the estimated budget effects of the Medicare catastrophic insurance program and supplemental premium options under the Medicare Catastrophic Coverage Act of 1988.

This document,<sup>1</sup> prepared by the staff of the Joint Committee on Taxation, provides a discussion of present law, estimated budget effects, distribution of the supplemental premium, and possible premium options.

Part I of the document provides a summary description of present law relating to Medicare benefits and financing of the benefits. Part II compares the estimated budget effects of the Medicare catastrophic insurance program when the Act was enacted the Administration. Part III provides data on the distribution of the current Medicare supplemental premium by income group, and Part IV discusses possible options to modify the premium. Finally, the Appendix describes the method for deriving the distributional estimates.

**I. PRESENT LAW**

**A. Medicare benefits**

**In General**

Medicare is a nationwide health insurance program for the aged and certain disabled persons. Medicare consists of three parts: the hospital insurance program (Part A), the supplementary medical insurance program of Part B (SMI), and the catastrophic drug insurance program of Part B (CDI).

Individuals who have attained age 65 and who are eligible for monthly social security or railroad retirement benefits are covered under Part A of Medicare at no cost. Part A coverage is also available at no cost to certain disabled individuals who have not attained age 65 and to persons who have end-stage renal disease. Persons who have attained age 65 and who are not eligible for social security or railroad retirement bene-

fits may obtain Part A coverage providing they pay for the coverage. The monthly premium for such coverage, as of January 1, 1989, is \$156.

Within limits, Part A of Medicare provides coverage for inpatient hospital care, skilled nursing facility (SNF) care, home health care, and hospice care.

Coverage under Part B, which includes the SMI and the CDI programs is voluntary. All persons age 65 or older and individuals eligible for Part A benefits by virtue of disability or end-stage renal disease may elect to enroll in both these programs by paying the monthly premium. Enrollees may not elect to enroll in only one of these programs.

SMI covers doctor's services, other medical and health services (e.g., laboratory and other diagnostic tests, ambulance services, outpatient services at a hospital), and certain home health services not covered under Part A. SMI covers 80 percent of the reasonable charges for such services, subject to a deductible. Beginning in 1990, enrollees in Part B will also be eligible for prescription drug benefits.

**Benefits Under the Medicare Catastrophic Act of 1988**

The Medicare Catastrophic Act of 1988 ("the Act") significantly expanded the benefits covered by Medicare. Major changes to the benefits are described below.

**Part A Benefits**

**Inpatient hospital care.**—Under the Act, Medicare pays all hospital inpatient costs above an annual deductible amount (\$560 for 1989). Under prior law, the number of days covered by Medicare was limited for a single spell of illness, covered individuals paid a deductible for each spell of illness, and coinsurance amounts were payable after the 60th day in each spell of illness. The Act eliminated the concept of a spell of illness, which began with the hospital admission and ended on the 61st day following discharge from the hospital or from a skilled nursing facility (SNF) entered after the hospital stay.

**Skilled nursing facility care.**—Under the Act, the limit on SNF care is 150 days per year, and no prior inpatient stay is required for coverage. Coinsurance payments are required for the first 8 days of care each year, at a rate of 20 percent of average SNF costs per day (\$25.50 for 1989). Under prior law, the limit on SNF care was 100 days per spell of illness, after a hospital stay of at least 3 days. Coinsurance payments were required for days 21 through 100 at a rate of 1/8th of the deductible amount (\$67.50 for 1988).

**Home health care.**—Under prior law and the Act, there is no limit on the overall number of covered home health care visits and no coinsurance requirement. To be covered, home health care visits must be required on an intermittent basis. Under prior law, the intermittent requirement was interpreted to mean that there could be 5 to 7 visits a week, for 2 to 3 consecutive weeks. Under the Act, beginning in 1990, covered individuals may receive up to 38 consecutive days of home health care, 7 days a week.

**Hospice care.**—The Act eliminated the 210-day lifetime limit on hospice care.

**Part B benefits**

**SMI benefits.**—Beginning in 1990, the Act expands Part B benefits as follows. Each enrollee's annual liability for Part B copayments is capped. The cap is \$1,370 for 1990, and will be adjusted each year to keep the proportion of enrollees subject to the cap constant at 7 percent. Part B coverage is ex-

panded to include mammography screening for women, subject to a maximum of \$50 (indexed) per screening and the usual copayment requirements. In addition, once sufficient costs have been incurred to receive benefits under either the copayment cap or the new drug provisions (see below), enrollees are eligible for respite benefits. Under this benefit, Medicare will pay 80 percent of reasonable costs for up to 80 hours a year of in-home personal services, to give the usual caretakers of homebound enrollees a respite.

**Catastrophic drug insurance.**—Effective January 1990, the Act provides coverage for drugs administered intravenously at home and for immunosuppressive drugs after the first year following a transplant, subject to an annual deductible amount of \$550. Coinsurance of the 20 percent will be required on drugs administered intravenously, while coinsurance will initially be 50 percent for new-covered immunosuppressive drugs. (Medicare already covers 80 percent of the costs of immunosuppressive drugs in the first year following an organ transplant.)

Effective January 1991, the CDI program will be expanded. Coverage will include all outpatient prescription drugs and insulin, subject to an annual deductible amount (\$600 in 1991) that will be adjusted each year to keep the proportion of enrollees paying the maximum deductible constant at 16.8 percent. Coinsurance requirements will be 50 percent of reasonable charges above the deductible in 1991, 40 percent in 1992, and 20 percent in 1993 and subsequent years.

**B. Financing of Medicare benefits**

**Part A Benefits**

Part A benefits are financed through the Hospital Insurance Trust Fund. This trust fund is financed primarily through payroll tax contributions paid by employers, employees, and the self-employed. The payroll tax rate for 1989 is 1.45 percent of compensation up to \$48,000 per employee. An equal amount is paid by the employer. Self-employed individuals pay both the employers' and employees' portion of the tax.

**SMI Benefits**

SMI benefits are funded through the Supplementary Medical Insurance Trust Fund (SMI Trust Fund) by premiums paid by enrollees in the Part B program and general revenues. In 1989 a temporary provision requires that enrollee premiums provide 25 percent of the financing of Part B. Thereafter, premium rates will be derived annually based upon the projected costs of the program for the coming year, but premium increases will be limited to increases in the social security cost-of-living adjustment. Therefore, the share of benefits financed by premiums is expected to drop below 25 percent, while the general revenue share will grow. The basic Part B monthly premium for 1989 is \$27.90, without regard to the additional premium added by the Act (See below).

**Financing of Benefits Under the Medicare Catastrophic Coverage Act of 1988**

**In general**

The new benefits provided by the Act are financed through the combination of (1) an increase in the Part B flat monthly premium and (2) a new supplemental premium based on income tax liability. It is anticipated that the supplemental premium will finance approximately 63 percent of the costs under the Act, and that the flat premium

<sup>1</sup> This document may be cited as follows: Joint Committee on Taxation, "Overview of Present Law and Estimated Budget Effects of the Medicare Catastrophic Insurance Program and Description of Possible Premium Options" (JCX-9-89), May 25, 1989.



will finance the remaining 37 percent of costs.

#### Flat premium

The Act provides for increases in the monthly Part B premium otherwise determined to finance the catastrophic coverage benefit and the prescription drug benefit. Through 1993, the amount of the increase is set by law. After 1993, the flat premium is adjusted through use of a formula that is designed to maintain a reserve in the Catastrophic Coverage Account and the CDI Trust Fund (see below).

For 1989-1993, the additional flat monthly premium for Part B enrollees is as follows:<sup>2</sup>

Year	Catastrophic coverage premium	Prescription drug premium	Total catastrophic flat premium
1989	\$4.00		\$4.00
1990	4.90	\$0.90	5.80
1991	5.46	1.94	7.40
1992	6.75	2.45	9.20
1993	7.18	3.02	10.20

#### Supplemental premium

The supplemental premium is payable in a year by any individual who is eligible for Part A of Medicare for at least 6 months during the year (except for those who pay the Part A premium), who has income tax liability for the year of at least \$150, and who resides in one of the 50 states or the District of Columbia. Subject to a limit on the maximum premium payable by an individual, the annual premium is determined by multiplying (1) the supplemental premium rate by (2) the amount determined by dividing the individual's adjusted income tax liability by \$150.

For years 1989 through 1993, the supplemental premium rate is set by law. For years after 1993, the supplemental premium rate is adjusted by a formula that is designed to maintain a reserve in the Catastrophic Coverage Account and the CDI Trust Fund (described below).

The supplemental premium rate is equal to the sum of the catastrophic coverage premium rate and the prescription drug premium rate as follows:

Year	Catastrophic coverage premium	Prescription drug premium	Total supplemental premium	Total percent rate <sup>1</sup>
1989	\$22.50		\$22.50	15
1990	27.14	\$10.36	37.50	25
1991	30.17	8.83	39.10	26
1992	30.55	9.95	40.50	27
1993	29.55	12.45	42.00	28

<sup>1</sup> This column shows the total supplemental premium as a percent of tax liability.

The maximum annual supplemental premium shall not exceed the following amount:

In the case of taxable years beginning in	The limitation is
1989	\$800
1990	850
1991	900
1992	950
1993	1,050

For years after 1993, the cap on the maximum supplemental premium is increased through the use of a formula (see below).

Married individuals who both are eligible for Part A benefits for at least 6 months

<sup>2</sup> Residents of Puerto Rico, other U.S. commonwealths or territories, and individuals not entitled to or eligible for Medicare Part A have different premium schedules.

during the year are treated as a single individual for purposes of the supplemental premium, except that \*\*\* BAD MAG TAPE \*\*\* at the maximum limit on the supplemental premium is doubled (e.g., \$1,600 for 1989). If only one spouse is Medicare-eligible for 6 months of the year, income tax liability is determined as one-half of the tax liability of the joint return.

In the case of married individuals filing separate returns, the individual is treated as Medicare-eligible for 6 months if either the individual or the individual's spouse is so eligible. In addition, the maximum supplemental premium is twice the supplemental premium if, without regard to the rule in the preceding sentence, both spouses are Medicare-eligible for 6 months of the year. This provision is designed to prevent the supplemental premium from creating an incentive for married taxpayers to file separate returns.

#### Accounting

The receipts from the catastrophic coverage supplemental and monthly premiums fund the health and supplementary medical insurance portions of the catastrophic benefit (i.e., the increases in Part A and SMI benefits). The receipts from the prescription drug benefits. These two sources of receipts and benefits are accounted for separately.

The prescription drug benefits are funded by the Catastrophic Drug Insurance Trust Fund (the "CDI Trust Fund"). All receipts attributable to the drug portion of the premiums are placed into the CDI Trust Fund and all payments for the benefits and administrative costs relating to covered drugs are drawn from the CDI Trust Fund.

Receipts attributable to the monthly flat catastrophic coverage premium are allocated to the SMI Trust Fund. Receipts attributable to the supplemental catastrophic coverage premium are allocated to the SMI Trust Fund and a newly created Federal Hospital Insurance Catastrophic Reserve Fund, with the division determined by the outlays from the catastrophic hospital insurance program. Outlays for catastrophic coverage are made from the Part A Hospital Insurance Trust Fund and the SMI Trust Fund.

In order to account for the receipts and outlays of the catastrophic coverage program separately from the prescription drug program, a bookkeeping account, known as the Medicare Catastrophic Coverage Account (the "Catastrophic Coverage Account"), was created. The balance recorded in the Catastrophic Coverage Account represents the cumulative financial position of the catastrophic coverage program.

The Catastrophic Coverage Account is used to calculate monthly and supplemental catastrophic coverage premium rates after 1993 in a manner intended to maintain a contingency reserve in the Catastrophic Coverage Account. Similar adjustments are made after 1993 to the monthly and supplemental prescription drug premiums based on the balance in the CDI Trust Fund.

#### Adjustments to premiums after 1993

After 1993, the monthly and supplemental premiums and the supplemental premium cap are adjusted through the use of a formula. The formula is designed to maintain a reserve equal to 20 percent of annual outlays in the Catastrophic Coverage Account and, by 1996, a reserve in the CDI Trust Fund of 20 percent of annual outlays. The catastrophic coverage supplemental premium is adjusted by a percentage reflecting

the past growth of per capita Medicare catastrophic coverage outlays relative to premiums paid, recent inflation, and the excess or shortfall of the balance in the Catastrophic Coverage Account of 20 percent of annual outlays in a preceding year. Similar calculations are performed for the prescription drug supplemental premium rate based on the balance in the CDI Trust Fund. In no case may the total supplemental premium rate increase over the prior year's premium by more than \$1.50 or one percentage point of tax liability. The premium may not decrease under the formula.

Adjustments in the maximum supplemental premium cap after 1993 are based on the relative per capita growth of Part B outlays to Part B premiums in preceding years. The cap will be rounded to the nearest \$50.

The formula for adjustments in the monthly premium, after 1993, is similar to the formula used for the supplemental premium. The Congress intended that the monthly premium continue to provide 37 percent of the revenues for the catastrophic program and the supplemental premium is to provide 63 percent of such revenues, however, the proportion could vary as a result of limits on allowable change in the supplemental premium. If the change in the supplemental premium rate as calculated by formula is limited by the restrictions on annual increases, then the change in the monthly premium is designed, with certain adjustments, to account for any excess or shortfall.

#### II. BUDGET EFFECTS OF MEDICARE CATASTROPHIC COVERAGE ACT OF 1988

##### A. Catastrophic reserve funds balances

Congress intended, in the Medicare Catastrophic Coverage Act of 1988, to maintain a surplus of funds to pay for benefits covered under the Act. As described above, the record keeping of these reserve funds is accomplished through the Medicare Catastrophic Coverage Account and the Catastrophic Drug Insurance Trust Fund.

Table 1 presents estimates of the calendar year-end balances in the Catastrophic Coverage Account and the CDI Trust Fund that were made upon enactment of the Act, and estimates based on the current Congressional Budget Office (CBO) baseline.<sup>3</sup> The estimates made upon enactment indicate a calendar year 1993 year-end balance in the Catastrophic Coverage Account of \$1.6 billion and of \$1.7 billion in the CDI Trust Fund. As a percentage of calendar year 1993 outlays, these balances are 20.5 percent in the Catastrophic Coverage Account and 57.6 percent in the CDI Trust Fund.

The current CBO estimates of the balances in the Catastrophic Coverage Account and the CDI Trust Fund at calendar 1993 year-end are \$5.7 billion and \$2.3 billion, respectively. As a percentage of calendar year 1993 outlays, the balance in the Catastrophic Coverage Account is projected to be 71.9 percent and the balance in the CDI Trust Fund is projected to be 76.9 percent. The February 1989 CBO estimate of the calendar

<sup>3</sup> The current CBO estimates reported in Tables 1 and 2 differ from the amounts used in the February 1989 budget baseline. The estimates in the tables include expected outlay amounts for the administration of the drug benefit that have not yet been appropriated and, thus, are excluded from the baseline used for budget purposes. Estimates that include the expected outlays necessary for the administration of the drug benefit may reflect more accurately the total budget effect of the Act and are also consistent with the estimates made upon enactment.

dar 1993 year-end combined balance is \$8.0 billion, which is \$4.7 billion more than the combined balance of \$3.3 billion estimated upon enactment.

### B. Receipt and outlay effects

In order to generate contingency reserves in the Catastrophic Coverage Account and CDI Trust Fund, it is generally necessary for cumulative receipts to exceed outlays. The cumulative excess of receipts over outlays will not match the combined balance of the Catastrophic Coverage Account and the CDI Trust Fund reserve amounts due to credits and debits of interest and the difference in the timing of receipts and outlays between fiscal and calendar years.<sup>4</sup>

Table 2 presents estimates prepared by CBO for the February 1989 budget baseline of 1989 through 1993 fiscal year receipts and outlays of the Medicare Catastrophic program. For comparison, Table 2 also presents corresponding estimates of the program prepared by CBO and the Joint Committee on Taxation at the time of enactment of the Act and Administration estimates from the Fiscal Year 1990 Budget.

The cumulative excess of receipts over outlays for fiscal years 1989 through 1993 is \$8.0 billion according to the current CBO estimate. This recent estimate exceeds by \$3.8 billion the estimate of the cumulative excess of \$4.2 billion made upon enactment.

The Administration estimates that the cumulative excess of receipts over outlays for fiscal years 1989 through 1993 is \$6.2 billion. This total is \$1.8 billion less than the current CBO estimate, but \$2.0 billion more than the CBO estimate upon enactment. The Administration estimates, however, that the CDI Trust Fund will have insufficient funds to make all benefit payments in 1992 and, thus, will not make payments for eligible drug benefits for calendar year 1993.

The Administration estimates of receipts from the monthly and supplemental premiums and outlays for the hospital and supplemental medical insurance and the catastrophic drug benefit are all different from the current CBO estimate. The Administration estimates that the level of cumulative receipts from the supplemental premium over fiscal years 1989 through 1993 are greater than that of the current CBO estimate. Much larger outlay estimates by the Administration, particularly for the drug benefit program, however, more than offset the Administration's higher receipts estimates over the period.

TABLE 1.—CURRENT CONGRESSIONAL BUDGET OFFICE ESTIMATE OF MEDICARE CATASTROPHIC ACCOUNT AND DRUG TRUST FUND EFFECTS, END OF CALENDAR YEARS 1989-93

	(Dollar amounts in billions)				
	1989	1990	1991	1992	1993
Final Estimate Upon Enactment					
Catastrophic account: <sup>1</sup>					
End-of-year balance	\$0.1	\$1.0	\$0.9	\$1.3	\$1.6
Balance/same year's outlays (in percent)	4.4	20.2	14.9	19.1	20.5
Drug Trust Fund: <sup>2</sup>					
End-of-year balance	0	\$0.2	\$1.2	\$1.6	\$1.7
Balance/same year's outlays (in percent)	149.4	99.0	74.9	57.6	
Current CBO Estimate					
Catastrophic account: <sup>1</sup>					
End-of-year balance	\$0.3	\$2.5	\$3.3	\$4.6	\$5.7

<sup>4</sup> Both the Catastrophic Coverage Account and the CDI Trust Fund are credited with interest in

TABLE 1.—CURRENT CONGRESSIONAL BUDGET OFFICE ESTIMATE OF MEDICARE CATASTROPHIC ACCOUNT AND DRUG TRUST FUND EFFECTS, END OF CALENDAR YEARS 1989-93—Continued

	(Dollar amounts in billions)				
	1989	1990	1991	1992	1993
Balance/same year's outlay (in percent)	17.3	51.0	54.2	67.1	71.9
Drug Trust Fund: <sup>2</sup>					
End-of-year balance	0	\$0.3	\$1.5	\$2.0	\$2.3
Balance/same year's outlays (in percent)	174.4	118.1	92.1	76.9	

<sup>1</sup> The Medicare Catastrophic Coverage Account covers the hospital insurance and supplemental medical insurance portions of the Medicare catastrophic program.

<sup>2</sup> Administrative expenses for the Federal Catastrophic Drug Insurance Trust Fund have not been appropriated, so they are not included in the CBO baseline. Estimates of the Drug Trust Fund administrative expenses are included in this table for purposes of comparison.

TABLE 2.—ESTIMATES OF MEDICARE CATASTROPHIC BUDGET EFFECTS, FISCAL YEARS 1989-93<sup>1</sup>

	(In billions of dollars)					
	1989	1990	1991	1992	1993	1989-93
Estimate Upon Enactment						
Supplemental premium receipts	-0.3	-4.2	-4.9	-5.7	-6.5	-21.7
Flat premium receipts	-1.1	-1.8	-2.7	-3.6	-4.1	-13.3
Outlays	1.3	4.2	6.7	8.4	10.1	30.8
Net budget effect	-0.1	-1.8	-1.0	-0.8	-0.5	-4.2
Current CBO Estimate						
Supplemental premium receipts	-0.4	-5.4	-6.1	-7.3	-7.3	-25.9
Flat premium receipts	-1.2	-1.8	-2.7	-3.6	-4.1	-13.5
Outlays	1.3	4.2	6.8	8.7	10.5	31.4
Net budget effect	-0.3	-3.1	-2.0	-1.6	-1.0	-8.0
Administration Estimate <sup>2</sup>						
Supplemental premium receipts	-0.6	-6.5	-7.1	-6.9	-7.3	-28.3
Flat premium receipts	-1.2	-1.8	-2.7	-3.6	-4.1	-13.4
Outlays	1.2	4.0	7.8	11.3	11.2	35.5
Net budget effect	-0.5	-4.4	-2.0	-0.9	-0.2	-6.2

<sup>1</sup> These estimates are for the hospital insurance, supplemental medical insurance, and drug benefit programs of the Medicare Catastrophic Act of 1988. Provisions relating to Medicaid and other miscellaneous provisions of the Medicare Catastrophic Act are not included here. Estimates include unappropriated funds for the administration of the CDI Trust Fund. Totals may not add exactly due to rounding.

<sup>2</sup> Administration estimates are from the Fiscal Year 1990 budget. The Administration estimates that there will be insufficient funds in the Drug Trust Fund to pay all benefits in 1992 and assumes no payments for calendar year 1993 drug benefits.

### III. DISTRIBUTIONAL EFFECT OF THE SUPPLEMENTAL PREMIUM

Based on current estimates of supplemental premium receipts, Tables 3 and 4 present distributions of the supplemental premium paid by Medicare enrollees. Tables 5 and 6 present distributions, by income, of the amount of supplemental premium at the average tax liability paid by Medicare enrollees.

Table 3 presents a distribution of the amount of supplemental premium paid per enrollee. It is estimated, for calendar year 1989, that 58.8 percent of Medicare enrollees will pay no supplemental premium and that 5.6 percent of enrollees will pay the maximum premium of \$800. These figures compare to the estimates made upon enactment

periods for which they are in surplus, and debited for interest when in deficit.

ment of 64.4 percent and 5.1 percent, respectively.

Table 4 presents the corresponding distribution for calendar year 1993. It is estimated that 52.4 percent of Medicare enrollees will pay no supplemental premium and that 10.3 percent of enrollees will pay the maximum premium of \$1,050 in 1993. These figures compare to the estimates made upon enactment of 57.5 percent and 9.8 percent, respectively.

The distribution of the amount of supplemental premium paid at the average tax liability across income groups, by filing status, in 1989 is displayed in Table 5.<sup>5</sup> For joint returns, no supplemental premium is due, on average, below the \$20,000 to \$25,000 income class, and below the \$15,000 to \$20,000 income class for non-joint returns. The maximum premium is not reached, on average, until the \$80,000 to \$85,000 income class for joint returns, and the \$40,000 to \$45,000 class for non-joint returns.

The corresponding figures for 1993 are presented in Table 6. As is true in 1989, no supplemental premium is due, on average, below the \$20,000 to \$25,000 income class, and below the \$15,000 to \$20,000 income class for non-joint returns. The maximum premium is not reached, on average, until the \$65,000 to \$70,000 income class for joint returns, and, again, the \$40,000 to \$45,000 class for non-joint returns.

TABLE 3.—MEDICARE CATASTROPHIC COVERAGE ACT OF 1988; DISTRIBUTION OF MEDICARE ENROLLEES BY LEVEL OF SUPPLEMENTAL PREMIUM

	(Calendar year 1989)	
Supplemental premium per enrollee	Medicare enrollees (thousands)	Percent distribution
Not subject to premium	19,248	58.8
Less than \$100	4,031	12.3
100 to 199	2,824	8.6
200 to 299	2,024	6.2
300 to 399	1,093	3.3
400 to 499	626	1.9
500 to 599	335	1.0
600 to 699	460	1.4
700 to 799	261	0.8
Maximum premium (\$800)	1,848	5.6
Total	32,750	100.0

Source: Joint Committee on Taxation.

TABLE 4.—MEDICARE CATASTROPHIC COVERAGE ACT OF 1988; DISTRIBUTION OF MEDICARE ENROLLEES BY LEVEL OF SUPPLEMENTAL PREMIUM

	(Calendar year 1993)	
Supplemental premium per enrollee	Medicare enrollees (thousands)	Percent distribution
Not subject to premium	18,387	52.4
Less than \$100	2,302	6.6
100 to 199	2,555	7.3
200 to 299	1,599	4.6
300 to 399	1,648	4.7
400 to 499	1,270	3.6
500 to 599	1,187	3.4
600 to 699	914	2.6
700 to 799	744	2.1
800 to 899	473	1.4
900 to 999	240	0.7
1,000 to 1,049	145	0.4
Maximum premium (\$1,050)	3,612	10.3
Total	35,076	100.0

Source: Joint Committee on Taxation.

<sup>5</sup> The income measure used, solely for presenting distributional analysis, is defined more broadly than adjusted gross income, and does not affect, in any way, the amount of tax liability and supplemental premium paid by a particular taxpayer.



TABLE 5.—MEDICARE CATASTROPHIC COVERAGE ACT OF 1988

(Calendar Year 1989)

Joint returns				Nonjoint returns			
Income class (Thousands)	Average income per return <sup>1</sup>	Average tax liability per return	Supplemental premium per enrollee <sup>2</sup> (per month)	Income class (thousands)	Average income per return <sup>1</sup>	Average tax liability per return	Supplemental premium per enrollee <sup>2</sup> (per month)
0 to \$5	\$2,597	\$0	\$0.00	0 to \$5	\$3,071	\$0	\$0.00
\$5 to \$10	7,701	—14	.00	\$5 to \$10	7,056	—1	.00
\$10 to \$15	12,556	—27	.00	\$10 to \$15	12,376	105	.00
\$15 to \$20	17,514	13	.00	\$15 to \$20	17,196	576	7.20
\$20 to \$25	22,516	396	2.48	\$20 to \$25	22,219	1,410	17.63
\$25 to \$30	27,545	930	5.81	\$25 to \$30	27,274	2,035	25.44
\$30 to \$35	32,378	1,559	9.74	\$30 to \$35	32,333	2,902	36.28
\$35 to \$40	37,599	2,281	14.26	\$35 to \$40	37,254	4,773	59.66
\$40 to \$45	42,374	3,057	19.11	\$40 to \$45	42,840	6,396	66.67
\$45 to \$50	47,516	4,147	25.92	\$45 to \$50	47,076	7,637	66.67
\$50 to \$55	52,052	4,991	31.19	\$50 to \$55	58,098	9,486	66.67
\$55 to \$60	57,527	6,683	41.77	\$55 to \$60	87,280	17,041	66.67
\$60 to \$65	62,609	8,204	51.28	\$60 to \$65	138,035	30,268	66.67
\$65 to \$70	67,491	9,848	61.55	\$65 to \$70	666,848	137,122	66.67
\$70 to \$75	72,097	10,166	63.53				
\$75 to \$80	77,757	10,239	63.99				
\$80 to \$85	82,424	12,258	66.67				
\$85 to \$100	90,057	14,942	66.67				
\$100 to \$200	136,677	25,315	66.67				
\$200 and up	643,630	139,278	66.67				

<sup>1</sup> Income is defined, solely for purposes of presenting distributional information, as adjusted gross income (AGI) plus untaxed income from: (1) untaxed social security benefits; (2) tax-exempt interest; (3) employer contributions for health plans and life insurance; (4) inside build-up on life insurance; (5) workers' compensation; (6) contributions to IRA and Keogh accounts; (7) minimum tax preferences; and (8) portion of passive losses in excess of minimum tax preferences to the extent the losses are allowed in the computations of AGI.

<sup>2</sup> Computed at average tax liability per return in income class.

Source: Joint Committee on Taxation.

TABLE 6.—MEDICARE CATASTROPHIC COVERAGE ACT OF 1988

(Calendar Year 1993)

Joint returns				Nonjoint returns			
Income class (thousands)	Average income per return <sup>1</sup>	Average tax liability per return	Supplemental premium per enrollee <sup>2</sup> (per month)	Income class (thousands)	Average income per return <sup>1</sup>	Average tax liability per return	Supplemental premium per enrollee <sup>2</sup> (per month)
0 to \$5	\$2,357	—\$9	\$0.00	0 to \$5	\$2,885	\$0	\$0.00
\$5 to \$10	7,930	—12	.00	\$5 to \$10	7,548	—1	.00
\$10 to \$15	12,771	—32	.00	\$10 to \$15	12,156	39	.00
\$15 to \$20	17,417	—21	.00	\$15 to \$20	17,333	376	8.77
\$20 to \$25	22,449	\$240	\$2.80	\$20 to \$25	22,380	\$1,020	\$23.80
\$25 to \$30	27,458	554	6.46	\$25 to \$30	27,412	1,649	38.48
\$30 to \$35	32,520	911	10.63	\$30 to \$35	32,373	2,295	53.55
\$35 to \$40	37,453	1,592	18.57	\$35 to \$40	37,257	3,804	84.09
\$40 to \$45	42,376	2,319	27.06	\$40 to \$45	42,631	4,856	87.50
\$45 to \$50	47,445	3,099	36.16	\$45 to \$50	47,400	6,670	87.50
\$50 to \$55	52,384	4,068	47.46	\$50 to \$55	60,698	9,044	87.50
\$55 to \$60	57,230	4,958	57.84	\$55 to \$60	87,293	14,592	87.50
\$60 to \$65	62,383	6,530	76.18	\$60 to \$65	130,153	28,074	87.50
\$65 to \$70	67,341	7,807	87.50	\$65 to \$70	534,697	113,030	87.50
\$70 to \$75	72,377	8,596	87.50				
\$75 to \$80	78,037	9,598	87.50				
\$80 to \$85	83,161	10,791	87.50				
\$85 to \$100	91,755	13,676	87.50				
\$100 to \$200	137,632	23,372	87.50				
\$200 and up	623,120	136,694	87.50				

<sup>1</sup> Income is defined, solely for purposes of presenting distributional information, as adjusted gross income (AGI) plus untaxed income from: (1) untaxed social security benefits; (2) tax-exempt interest; (3) employer contributions for health plans and life insurance; (4) inside build-up on life insurance; (5) workers' compensation; (6) contributions to IRA and Keogh accounts; (7) minimum tax preferences; and (8) portion of passive losses in excess of minimum tax preferences to the extent the losses are allowed in the computations of AGI.

<sup>2</sup> Computed at average tax liability per return in income class.

Source: Joint Committee on Taxation.

#### IV. DESCRIPTION OF POSSIBLE PREMIUM OPTIONS

In light of the revision of the budget estimate relating to the Medicare catastrophic program, various options for changes to that program have been proposed.

##### A. Retain present law

Many argue that it would be inappropriate to make significant modifications in the catastrophic program because the Act only became effective in 1989. In fact, certain benefits are not yet in effect under the program. Therefore, these individuals argue that there has not been sufficient experience in order to evaluate accurately the costs related to the program. Given the uncertainty associated with estimating the cost of future medical benefits, these individuals argue that it is inappropriate to reduce any available funds that might be

needed in the future. In addition, any reserves in the program accumulated in early years may be used to limit the increase in future premium rates.

##### B. Reduce the monthly or supplemental premium

###### In General

Some individuals argue that the premium for catastrophic coverage should be reduced because more revenue is projected than is needed to fund the benefits provided under the program. If this approach were adopted, the monthly or supplemental premium, or both, could be reduced.

Several options are available to reduce the supplemental premium.<sup>6</sup> The options for

<sup>6</sup> This discussion assumes that, in general, the present structure for calculating the supplemental premium is retained.

such a reduction include: (1) reducing the maximum amount of premium that an individual may be charged; (2) reducing the premium rate that is applied to each \$150 of income tax liability, and (3) increasing the minimum amount of income tax liability before which any supplemental premium is due. In addition, a combination of one or more of these options might be adopted. Any reduction could be made solely with respect to premiums paid for 1989 or for future years as well.

##### Reduce Cap on Maximum Supplemental Premium

The maximum amount of supplemental premium (\$800 for 1989) for an individual could be reduced. Adoption of this approach would benefit only those individuals who otherwise would pay more than the revised maximum supplemental premium. In gener-

al, these individuals are those with higher incomes.

#### Reduce the Premium Rate

Under present law, the supplemental premium for 1989 is \$22.50 for each \$150 in income tax liability (i.e., a 15-percent tax on income tax liability). The premium rate is increased for future years. The percentage rate of the supplemental premium could be reduced. Adoption of this approach generally spreads the savings that is achieved through the premium reduction to persons in all income classes. Except for those at the maximum premium level, the effect of this option is to reduce the amount of premium proportionally to the amount that is paid under present law.

#### Increase the Tax Liability Threshold

Under present law, in order to be liable for the supplemental premium, individuals must have at least \$150 in income tax liability. However, eligible individuals are covered without regard to whether or not they meet this \$150 threshold. Under this option, the threshold could be raised so that more low-income individuals would not be liable for the supplemental premium. Further, the calculation of the premium could be changed so that only tax liability in excess of the threshold would be subject to the supplemental premium.

If there were no change in the method by which the premium is calculated (i.e., each \$150 of tax liability for those with tax liability in excess of the threshold continues to be subject to the premium), then the savings from an increased threshold would be realized by those who would be below the new threshold. If the calculation were changed so that the premium applies only to the tax liability in excess of the threshold (e.g., income tax liability above the new threshold is subject to the premium), then an increase in the threshold would reduce supplemental premium payments by equal dollar amounts to all individuals paying the premium except for those below the threshold and those who are currently at the maximum premium level.

#### C. Repeal the supplemental premium

One proposal would repeal the supplemental premium and replace it with some other financing mechanism, such as a broad-based tax. Proponents of this view argue that it is unfair for high-income beneficiaries to subsidize those beneficiaries with low incomes. They contend that if a subsidy for lower-income beneficiaries of the catastrophic program is to be provided, then it should be financed by all taxpayers, not just by those individuals with higher incomes who are eligible for catastrophic benefits.

Those who support the supplemental premium argue that the premium is an appropriate method for funding the catastrophic coverage because only the potential beneficiaries of the program are required to pay for catastrophic coverage. Overall, every individual enrolled in Medicare will continue to receive a subsidy from general revenues and payroll taxes. Individuals who support this view argue that the income-related supplemental premium provides for an equitable distribution of the cost of the program.

#### D. Repeal the Medicare catastrophic program

One option that has been proposed is to repeal both the coverage provided under the Medicare catastrophic program and the funding mechanism that was contained in the Act. Some argue that the costs imposed by the monthly and supplemental premiums

exceed, for certain individuals, any possible benefit they may receive from the Medicare catastrophic and drug coverage. They argue, therefore, that the program should be repealed.

Other individuals point out that many of those covered receive substantial benefits under the Act and that all individuals eligible for Medicare will, on average, receive a benefit package that is subsidized by general revenues and payroll taxes. They argue that all individuals receive Medicare benefits in excess of what they pay in premiums, and that good social policy requires that such individuals be protected from the financial hazards of large medical expenses.

#### APPENDIX: METHOD FOR DERIVING DISTRIBUTIONAL TABLES

The staff of the Joint Committee on Taxation prepared the distributional table on the amount of supplemental premium paid by Medicare enrollees. The distributions are prepared with the use of the individual tax model that is used for calculating changes in tax liability associated with proposed changes in the Federal individual income tax. The individual tax model utilizes a very large sample of actual individual tax returns collected by the Internal Revenue Service (IRS). To supplement the IRS data, demographic and economic information is included from a variety of sources including the Bureau of the Census and the Social Security Administration. The model is weighted to reflect the total projected population of potential taxpayers and is modified to be consistent with the most recent Congressional Budget Office economic forecasts.

Tax liability, as well as the supplemental premium, is calculated for each tax filing unit in the model. For each year analyzed, the calculation of tax liability and supplemental premium is performed using the relevant rates, brackets, and definition of taxable income, consistent with prevailing law for that year.

Tables 5 and 6 present estimates of the average supplemental premium per enrollee, per month. The estimates are based on the average tax liability within an income category using the definition of income normally employed for distributional analyses.

The income concept used is broader than adjusted gross income and is designed to more accurately reflect the flow of economic income available to the taxpayer. It is defined as adjusted gross income (AGI) plus untaxed income from: (1) untaxed social security benefits; (2) tax-exempt interest; (3) employer contributions for health plans and life insurance; (4) inside build-up on life insurance; (5) workers' compensation; (6) contributions to IRA and Keogh accounts; (7) minimum tax preferences; and (8) the portion of passive losses in excess of minimum tax preferences to the extent the losses are allowed in the computation of AGI. Of course, the calculation of tax liability, and therefore the supplemental premium, is based on taxable income, and is in no way dependent on the measure of income used as the classifier for distributional presentation.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. DASCHLE. Mr. President, I want to commend the distinguished Senator from Minnesota. I must say I do not know of anyone here in the Senate who can speak with greater authority on this issue and on the issue of health care in particular than can the Senator from Minnesota. He is a

student of the issue and one whose positions and whose words are widely respected on both sides of the aisle. He has done the Senate a real service this afternoon in setting the stage for what will be a very contentious debate next Tuesday. And while the galleries are empty and while the Chamber is empty, I hope Senators will take the time to read the remarks of the Senator from Minnesota prior to the debate on Tuesday because I think it will make a difference on how a lot of Senators ought to vote.

So I hope that perhaps while not every one of the Senators had an opportunity to hear his very compelling arguments this afternoon they will have the opportunity to read them prior to the debate on Tuesday. I commend him for the contribution he made to that debate.

Mr. DURENBERGER. Mr. President, let me acknowledge and express my appreciation to my colleague from South Dakota for those kind remarks. As a new member of the Senate Finance Committee, I particularly appreciate the contribution that he not only has made in the past but will be making in the future on all of the health-care issues, particularly the issues of access which I think is what we are dealing with here—to have the resources to go around for all Americans and not just those who have had the benefit of Medicare.

#### NEWARK FBI

Mr. LAUTENBERG. Mr. President, I rise today in support of an amendment I offered Wednesday, which was unanimously approved by the Appropriations Committee, to provide special pay for FBI agents and other personnel serving in the Newark, NJ, Division. I have been working closely with Senator BRADLEY, who has pursued the same matter as a member of the Intelligence Committee.

This provision is of critical importance to Federal law enforcement in New Jersey. As a result of a recently instituted pay demonstration project in the FBI's New York City office, a significant pay disparity now exists between the FBI Newark Division and New York City offices. This has had a severe impact on the morale of agents stationed in the Newark Division. Of greater concern, the New York City pay demonstration project has led to a substantial increase in the number of agents transferring out of the Newark office and into the New York City office. This provision seeks to address this problem and the exodus of senior FBI agents from the Newark Division.

Last year, when Congress approved the fiscal year 1989 intelligence authorization bill, it authorized a pay demonstration project for New York City FBI agents to offset the area's



high cost of living and the office's serious recruitment and retention problem. Under this program, New York City agents received a 25-percent pay increase and a \$20,000 mobility allowance for agents newly transferred to New York. While I understand this project has been, for the most part, successful for New York, it has created unintended significant problems for the Newark Division. Agents stationed in the Newark office, a mere 9 miles away, had not been included in the demonstration project.

FBI Director William Sessions has recognized that this situation has had negative repercussions on the Newark office. Morale has become a serious problem. As Director Sessions has written to me,

In particular, morale is low among many who face some of the same high costs that New York office employees face. I believe their close proximity to the New York office contributes to their frustration.

Others may point out that FBI agents in other high-cost cities also have been deprived of a pay raise, and that is true. But those agents do not have to deal with the fact that a fellow who may live on his street or in his town, who holds the same job working for the same agency, facing essentially the same high cost of living, makes 25 percent more in salary. Agents in other cities don't have to work side by side on cooperative investigations, performing the same kind of work with someone whose salary is substantially higher, because he happens to cross a bridge or tunnel into New York every day. That hurts.

However, my purpose in introducing this amendment was not just to soothe hurt egos. Of far greater concern is the impact the New York City demonstration project has had on the turnover rate in the Newark office, and consequently law enforcement efforts in New Jersey. Since the inception of the New York City demonstration project, applications for transfer out of Newark have increased by 625 percent. Since the program began, 23 senior agents have been granted transfers from Newark to the New York City office to take advantage of the pay increase. These are some of the Newark office's most senior agents. Their experience is irreplaceable. The positions will be filled by relatively new agents. This is a problem that grows worse every day. The Newark office is being drained of experienced agents, and this could have a real impact on crimefighting efforts in my State.

Mr. President, we need to stop the flow of seasoned agents out of the Newark FBI Office. This provision seeks to close the gap in pay between Newark Division and New York City FBI agents that is attracting so many Newark agents to the New York office.

This provision will provide agents and other staff in the FBI's Newark Division offices with a pay increase of 10 to 15 percent of their base salaries, to help offset the high living expenses of the area and the current pay disparity with the New York office. This New Jersey program will last for the duration of the New York City project.

Mr. President, this provision is of great importance to Federal law enforcement in New Jersey. The FBI is an integral part of the crimefighting apparatus in my State. The 10-to-15-percent pay increase for Newark Division FBI personnel offers an incentive to stay in New Jersey. It not only helps to ensure that agents and other FBI staff will receive relief from the area's high cost of living, it helps ensure that FBI crimefighting efforts will be unimpaired. I would like to express my gratitude to Senator HOLINGS and Senator RUDMAN for their valuable cooperation on this amendment.

Mr. President, I ask that the text of questions I posed to FBI Director William Sessions and the responses he provided be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESPONSES OF FBI DIRECTOR WILLIAM SESSIONS TO QUESTIONS POSED BY SENATOR LAUTENBERG CONCERNING NEWARK FBI PAY

1. "What effect has the Demonstration Project had on recruitment and retention in the New York office? The Northern New Jersey offices? What are the staffing levels in the New York office now; what were they before implementation of the project? What are they projected to be at the completion of the project?"

As you know, the NYODP covers all Special Agents assigned to the NYO and about 240 of the 790 support employees. A preliminary review of the effects of the Demonstration Project are encouraging. The resignation rate of those covered by the project is down as compared to the same period last year. Also two Special Agents, who are eligible for Office of Preference (OP) transfers to offices of their choice, turned down their transfers to remain in New York hereby enabling the NYO to continue to benefit from their years of experience in the community. Of course, based on the comments of the NYO management, there is a noticeable improvement in the morale of those covered by the Demonstration Project.

The negative side of this new authority is the effect it is having on those not covered. When the NYO problems were initially being reviewed, it was intended that the problems of those employees not subject to transfer (about 550) of the NYO support population would be addressed through the existing special pay rate authority. About 110 of the 550 NYO support employees are receiving special salary rates which were approved before the NYODP was authorized. None of the requests made by the FBI after the enactment of the legislation authorizing the Demonstration Project have been approved. In addition, there is concern that when the special pay rates are finally approved, the percent of increase for most employees subject to the rates will be much less than those covered by the Demonstration Project.

Because these employees are receiving no financial enhancements, many feel that the Bureau does not believe their contributions to the FBI's operation is as important as others covered by the Demonstration Project. Their morale is low and we have seen a substantial increase in the number of resignations among those not covered. The legislation establishing the NYODP requires regular progress reports to Congress. These reports will document in more detail the effect of the NYODP on recruitment and retention of personnel, etc.

The establishment of the NYODP has caused some repercussions in the Newark office. In particular, the morale is low among many who face some of the same high costs that NYO employees face. I believe their close proximity to the NYO contributes to their frustration. However, we cannot lose sight of the fact that employees in other offices are similarly facing financial hardships which effect their morale as well.

As I mentioned previously, at the time the NYODP was approved for the NYO, that office was experiencing the most serious retention/recruitment problems. In our Report on Recruitment, Retention and Operational Problems facing the New York Office of the Federal Bureau of Investigation caused by the High Cost of Living, and a Plan for Remedies, we advised Congress of the high resignation rate in the NYO and the difficulty we had staffing that office. For example, on February 1, 1988, the NYO was 112 Agents below its authorized complement of 1212 Agents and was 60 support employees below its authorized complement of 802. The Agent resignation rate was 3.47 percent in 1987 (it had almost tripled since 1984). Also, in 1987 nine Special Agents resigned rather than take a transfer to the NYO. The NYODP was implemented beginning in October, 1988. As of March 29, 1989, that office was 36 Agents below the authorized number. Of course, we hope that in the future we will see further improvements in the staffing levels of the NYO. As of March 29, 1989, the Newark Office was staffed 2 Agents over its complement. The resignation rate among Agents in the Newark Office was 1.98 percent in Fiscal Year (FY) 1987 and 1.88 percent in FY 1988. (Note that the authorized staffing of FBI offices is reviewed periodically and many fluctuate.)

2. "How many requests for transfers from Newark to New York have been received by FBI Headquarters since the implementation of the Demonstration Project? How does that compare to past experience?"

A review of the OP list for February 16, 1989, revealed that 25 Agents had requested transfers to the NYO. That figure compares to four on the August 15, 1988, OP list; four on the February 26, 1988, OP list; three on the August 31, 1987, OP list; and four on the February 28, 1987, OP list. We are attempting to accommodate those Agents who wish to transfer to the NYO while, at the same time, attempting to ensure their transfer does not negatively impact on the Newark Office's operational responsibilities.

4. "What is the cost of the Demonstration Project for fiscal year 1989? What would be the cost of extending the project to the Northern New Jersey offices?"

For Fiscal Year 1989, the FBI is having to absorb about \$15,781,103 which is the cost of the NYODP. If the NYODP were expanded to cover the NYO employees currently excluded from the project, the cost would be approximately an additional \$2,657,069. Although no specific calculations

have been prepared for the Newark Office, based on the difference in size between the Newark Office and the NYO, it could roughly be estimated that the cost for establishing a Demonstration Project for the Newark Office (all support and Agents) at a rate of 25 percent of base pay (the same as the retention allowance paid to NYO employees covered by the NYODP) and including the mobility allowance would be about \$2,030,000 for the last half of FY 1989. If similar demonstration projects were created for those other offices which have been identified to have similar problems, based on the fact that all four offices are about the same size as the NYO, the cost would be the same as the cost for the NYODP. (If the NYODP is expanded to cover all NYOD employees the total cost to the Bureau is projected to be \$21,542,891.) The NYODP is projected to cost the FBI \$18,837,464 in FY 1990. However, I believe it is important to remember that the cost of living, including housing, taxes, etc., differs in the major cities around the country. Any decision to implement locality-type pay for FBI employees working in high-cost areas should take into consideration the percentage that their cost of living is above the norm. Therefore, the employees of the Newark Office and other offices may not warrant the same percentage enhancement as those in the NYO.

5. "How many FBI employees working out of the New York division actually reside in New Jersey? What percentage is that of the total number of New York division employees?"

Of the 1130 authorized Agents currently working in the NYO, 613 reside in New Jersey. In other words, about 54 percent of the NYO Agents live in New Jersey.

6. "What criteria will the FBI use to define the Demonstration Project as a 'success'? What is your interim assessment of the project?"

As indicated above, our preliminary review of the project reflects that it is having a positive impact on the problems previously identified. Attached is the project paper signed by the Director of the Office of Personnel Management (OPM) and me. This document, among other things, outlines some of the methodology used for the implementation of the NYODP and the tentative model which was proposed to be used to evaluate the NYODP. (This model may be slightly revised with the approval of OPM.)

#### MORNING BUSINESS

Mr. BYRD. I do not think I will be acting unduly if I ask unanimous consent that there be a period for the transaction of morning business for not to exceed 30 minutes and that Senators be allowed to speak for not to exceed 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I understand that the distinguished majority leader will be coming to the floor shortly. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. COHEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PRYOR). Without objection, it is so ordered.

#### SHORT-RANGE NUCLEAR FORCES

Mr. COHEN. Mr. President, in a recent article, a respected syndicated columnist posed an interesting question, asking how the United States would feel if the Soviets were to deploy new missiles whose ranges were below that covered by the INF Treaty. Mr. Lewis asserted that the recent Soviet threat to violate the INF Treaty by halting dismantlements of SS-23 missiles is an understandable response to the NATO proposal to modernize its Lance missiles.

What this argument overlooks is that the Soviets are, in fact, deploying new short-range missiles not banned by the INF Treaty. Mr. Gorbachev has doubled the number SS-21 missile launchers deployed and is deploying Scud missiles to replace SS-23 missiles that have been destroyed pursuant to the treaty. In addition, Mr. Gorbachev continues to deploy numerous other nuclear systems not covered by the treaty, such as, self-propelled artillery and a new tactical air-to-surface missile, the AS-16. The new deployments mean that the Soviet Union's huge advantage in short-range nuclear weapons is growing even larger. They also reveal the cynical hypocrisy of Moscow's outrageous threat to scrap the INF Treaty if NATO deploys an upgraded Lance.

It was also asserted that plans for the Lance follow-on to have an increased range have emerged only in recent months, have been a surprise to Soviet officials, and are the result of military momentum without any political input. This is simply erroneous. The intent to enhance the Lance follow-on's range goes back several years and is driven as much by political as military considerations. Moreover, the Soviets have long been aware of it, as shown by Deputy Foreign Minister Yuli Vorontsov's letter opposing it that appeared in the New York Times on July 14, 1987. So nearly 2 years ago, the Soviets expressed their opposition to any upgraded Lance capability.

Over the last week and a half, the Soviets backed away from their threat to violate the INF Treaty, but not before it was repeated by the commander in chief of the Warsaw Pact in a speech in London. The fact that such a threat could be made by Foreign Minister Shevardnadze and the highest ranking military officer in the Warsaw Pact suggests that new thinking exerts a rather tentative hold on Soviet foreign policy.

A number of commentators criticized President Bush's handling of the dispute within NATO on short-range

nuclear force negotiations. Those commentators almost uniformly ignored the fact that NATO has had a policy on this subject for nearly 2 years, an agreement that was reaffirmed by NATO's leaders, including Chancellor Kohl, at last year's summit. Under that agreement, NATO stated that the U.S. would negotiate "reductions of American and Soviet land-based nuclear missile systems of shorter range, leading to equal ceilings," but only "in conjunction with the establishment of a conventional balance."

These critics of the President also ignored the fact that the recent dispute arose when the Federal Republic of Germany tried to retreat from that agreement. In response, the President quite correctly walked the other way, saying we would not negotiate on short-range nuclear missiles at all. The President's resolve in this particular instance had its intended effect. The Germans agreed at the summit to return to the prior NATO agreement. The President should be praised for his skillful handling of what could have been a very damaging dispute and achieving an outcome that reaffirms the sensible policy that NATO had previously adopted.

Foreign Minister Shevardnadze has expressed disappointment with NATO's reaffirmation of this policy—and no doubt he is disappointed that the Soviet's propaganda on short-range nuclear forces has failed to split the NATO alliance. Mr. Shevardnadze, however, says that his disappointment stems from the Soviet Union's strong desire to reduce SNF missiles as quickly as possible. Let me respond by saying, if Moscow is, indeed, so anxious to reduce SNF missiles, then it should follow NATO's example and unilaterally cut its own forces. Over the last decade, NATO has unilaterally eliminated one-third of its tactical nuclear arsenal. We received not a handclap in the United Nations, not a paragraph in Pravda, for making that unilateral gesture. The Soviets could do the same and still retain a significant SNF advantage. If Moscow is truly serious about reducing SNF to the lowest necessary level, then it should unilaterally cut its SNF missiles to the current NATO levels.

President Bush and the other NATO heads of government called for this in their summit communique, and Western publics and legislatures should endorse this call. Until Moscow undertakes serious unilateral SNF cuts of the magnitude that I suggest—not a token cut such as that recently announced—then we should recognize Soviet statements on SNF for being more politically designed than they profess to be.

#### CONVENTIONAL ARMS NEGOTIATIONS

Last December, NATO set forth a detailed proposal for deep cuts of



some 50 percent in the total number of tanks, armored personnel carriers, and artillery deployed in Europe. Under the NATO proposal, East and West would each be limited to equal ceilings on these forces at levels slightly below current NATO levels. In recent weeks, the Soviets have accepted many of the elements of the NATO proposal.

At the same time, the Soviets have continued to insist that aircraft be included in the negotiations. In a major concession, NATO has agreed to include aircraft and, in fact, is now proposing more far-reaching aircraft limits than the Soviets.

These developments have increased the likelihood that the CFE talks will successfully result in an agreement to reduce conventional forces in Europe in a stabilizing manner. President Bush has set a goal of reaching such an agreement within a year and implementing cuts by 1992 or 1993. This is an extremely ambitious schedule and will test whether the Soviets are genuinely interested in creating a peaceful order in Europe. If President Gorbachev does, indeed, share that objective then he will have to be forthcoming on the numerous issues that remain to be resolved.

#### SUBZONES

In addition to proposing dramatic cuts in forces throughout the whole of Europe, NATO has proposed a series of concentric subzones, each of which would have its own sublimit of permitted forces with lower sublimits for smaller zones closer to the central front.

This subzone approach is critical to achieving the objective of enhancing stability in Europe and achieving force reductions in a verifiable manner. Unfortunately the current Soviet approach does not satisfy these requirements.

#### ARTILLERY DEFINITIONS

The Warsaw Pact, in defining artillery it proposes be covered by the negotiations, has included anti-tank systems larger than 100 millimeters, thereby artificially minimizing their advantage in artillery firepower.

Negotiating a common ceiling on artillery will require negotiation of a sensible definition of artillery to be covered.

#### AIRCRAFT TYPES INCLUDED

While the Warsaw Pact has insisted on including NATO aircraft in the negotiations—a position we have now accepted—they are still seeking to exclude from the negotiations a majority of their combat air force, including their huge fighter interceptor force. President Bush and NATO have rightly demanded that all land-based combat aircraft be included.

The decision by President Bush and NATO to include aircraft in this phase of the negotiations constitutes a sig-

nificant concession to the Soviet position. It demonstrates that NATO is willing to take bold steps to achieve an agreement. It should be matched by equal flexibility on the Soviet side.

#### VERIFICATION AND OPEN SKIES

Verification of a conventional arms agreement is going to be exceedingly difficult and complex, far more so than the INF Treaty. Achieving adequate monitoring of a conventional arms treaty will require the Soviet Union and its Warsaw Pact partners to accept far greater openness in their military affairs than they have ever before contemplated.

Two weeks ago in his Texas A&M speech, President Bush made an important Open Skies proposal for moving toward the greater military transparency in Europe that will be needed if conventional arms control is to succeed.

Unfortunately, some cynical and poorly informed commentators have denigrated the Open Skies proposal as a public relations ploy, the dusting off of a 30-year-old idea that has been rendered obsolete by satellite technology.

This overlooks the tremendous benefits for enhancing stability in Europe that enhanced transparency can offer and the significant role in this to be played by aerial observation. The Stockholm Document of 1986 provides for aerial observations, but only in limited circumstances. Expanding the use of aerial observation as the President has proposed could greatly enhance the value of the existing Stockholm confidence-building measures and serve as an excellent precedent for the negotiation of additional early-warning and confidence-building measures in the CSBM talks in Vienna. I would note that the President's Open Skies initiative is in keeping with legislation adopted by Congress last year calling for high priority attention to enhanced confidence-building measures. It is also consistent with the recommendations of the North Atlantic Assembly's special report on confidence-building measures issued last November.

The President's Open Skies initiative will by no means satisfy the verification requirements of a conventional arms reduction agreement. It is not intended to. But implementation of an Open Skies Program will be a significant contribution to laying the groundwork for the extensive and intrusive measures that CFE verification will require. This is exactly the approach the Senate Armed Services Committee was advocating in its report on the INF Treaty when it called for "a radical new approach to confidence-building measures" including "pilot projects on verification (to) be explored in parallel with negotiations on actual reductions and \* \* \*

implemented in advance of any agreement on reductions."

Mr. President, moments ago, President Bush landed back in the United States and is preparing to take a well-deserved break at his home in Kennebunkport, ME, the State where I hope to be shortly, this afternoon, along with the majority leader. The President is justifiably being praised by many of our colleagues and commentators and citizens all over this country and, indeed, other countries, as well. It is well-deserved praise. He has achieved a remarkable success within the alliance, proposing a forward-looking, innovative and bold initiative for Europe. I think that demonstrated several things. It shows that the President thinks before he speaks, that he in fact works out with great preparation those thoughts before taking any action—something that, unfortunately, is somewhat unusual in politics. And I think that this thoughtful approach redounds to his great credit.

There have been many who have leveled criticism at the President for having moved too slowly, not being quite imaginative enough and allowing the public relations stage to be occupied by Mikhail Gorbachev. I do believe that President Bush's performance during the past week has enhanced not only his own reputation in this country and the world, but also provided a remarkable stimulus for solidarity in the NATO alliance, which was seen as fracturing.

I believe that the United States certainly has moved back into the forefront of being a leader for world peace, and the caution that was exhibited by President Bush has proven to be responsible, productive, and fruitful. And I believe that if we maintain this coherent NATO approach, without one nation or another trying to outbid the Soviets in making unilateral gestures, we will be able to achieve massive reductions, to the betterment of the west, the Soviet Union, Eastern Europe and, indeed, the whole world.

I commend President Bush again for his extraordinary act of statesmanship during this past week.

Mr. President, I yield the floor.

#### TRIBUTE TO CLAUDE PEPPER

Mr. KERRY. Mr. President, I rise today to pay tribute to a great leader, statesman and visionary, Claude Pepper.

Senator Pepper was a man who exemplified the best of what we constantly strive to achieve as legislators and public servants. From his early days in the Florida Legislature, to his tenure in the Senate to his final days in the House of Representatives, Claude Pepper never stopped caring—never stopped believing that he could make a difference in the lives of his

fellow Americans. He was a man of humanity; a caring and loving individual who saw injustice and tried to right it; who saw a downtrodden person and tried to uplift them.

Pepper was a "no-excuses" New Deal Democrat who stood for the very essence of democratic values in much the same way as the other statesmen he emulated, Harry S. Truman and Franklin D. Roosevelt. Claude Pepper had the courage to fight the difficult battles for the difficult causes that other less noble individuals might have shied away from. He was an ardent advocate for the elderly; instilling in them a sense of self-worth and political activism as he strove to ensure that even as they aged, their rights and liberties were protected.

Claude Pepper's nonstop energy and half century of public service was rooted in a uniquely human concern; a deeply felt belief in the causes and in the people. He was a truly unique individual with a depth of compassion and understanding. We have been enriched by his presence and by his deeds. We will miss Senator Pepper, but we will be better for having known him. The legacy he leaves behind is what must drive us in the future. We honor him and remember him best by continuing to strive for the ideals and the causes that he pursued throughout his life. We must always remember, as Claude Pepper did, that we can make a difference in the lives of other people; that we can effect positive social change; that we can make this world a better, more humane place to live.

#### MESSAGES FROM THE HOUSE

At 12:30 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 881. An act to provide for restoration of the Federal trust relationship with, and assistance to, the Coquille Tribe of Indians and the individual members consisting of the Coquille Tribe of Indians, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 121. Concurrent resolution to express the sense of the Congress with respect to the assassination of Col. James Rowe in the Philippines.

#### MEASURES REFERRED

The following bill was read the first and second times by unanimous consent, and referred as indicated:

H.R. 881. An act to provide for the restoration of the Federal trust relationship with, and assistance to, the Coquille Tribe of Indians and the individual members consisting of the Coquille Tribe of Indians, and

for other purposes; to the Select Committee on Indian Affairs.

The following concurrent resolution was read, and referred as indicated:

H. Con. Res. 121. Concurrent resolution to express the sense of the Congress with respect to the assassination of Colonel James Rowe in the Philippines; to the Committee on Foreign Relations.

#### INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DODD:

S. 1116. A bill to provide for a gradual increase in the rate of pay of certain offices and positions in the executive and judicial branches, and for other purposes; to the Committee on Governmental Affairs.

S. 1117. A bill to provide for a gradual and concurrent increase in the rate of pay and decrease in honoraria for Members of Congress, and for other purposes; to the Committee on Governmental Affairs.

By Mr. ARMSTRONG (for himself and Mr. WIRTH):

S. 1118. A bill to provide for the transfer of the Platoro Reservoir to the Conejos Water Conservancy District of the State of Colorado, and for the protection of fish habitat on the Conejos River; to the Committee on Energy and Natural Resources.

By Mr. MITCHELL:

S. 1119. A bill to amend the Internal Revenue Code of 1986 to provide that unearned income of a child attributable to damages received on account of personal injuries or sickness of the child not be taxed at the marginal rate of such child's parents; to the Committee on Finance.

By Mr. GRASSLEY:

S. 1120. A bill to amend the Internal Revenue Code of 1986 to exempt certain individuals from the requirements of section 89 of such code; to the Committee on Finance.

By Mr. GORE (for himself, Mr. SASSER, Mr. BURDICK, Mr. GARN, Mr. KASTEN, Mr. ROBB, Mr. LAUTENBERG, Mr. WILSON, Mr. HOLLINGS, Mr. STEVENS, Mr. CHAFFEE, Mr. HATCH, Mr. LIEBERMAN, Mr. MATSUNAGA, Mr. PELL, Mr. COCHRAN, Mr. MITCHELL, Mr. BOND, Mr. SIMPSON, Mr. METZENBAUM, Mr. WARNER, Mr. HEFLIN, Mr. SARBANES, Mr. D'AMATO, Mr. PRESSLER, Mr. RIEGLE, Mr. MCCLURE, Mr. INOUE, Mr. GLENN, Mr. DOLE, Mr. CONRAD, Mr. DECONCINI, Mr. THURMOND, Mr. ROCKEFELLER, Mr. PRYOR, Mr. LEVIN, Mr. LUGAR, Mr. KERRY, Mr. SHELBY, Mr. MURKOWSKI, Mr. GRAHAM, Mr. SPECTER, Mr. GORTON, Mr. DODD, Mr. CRANSTON, Mr. NUNN, Mr. JOHNSTON, Mr. HEINZ, Mr. BRADLEY, Mr. ADAMS, and Mr. ROTH):

S.J. Res. 148. Joint resolution to designate the week of October 8, 1989, through October 14, 1989, as "National Job Skills Week"; to the Committee on the Judiciary.

#### SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DASCHLE (for Mr. MITCHELL (for himself and Mr. DOLE)):

S. Res. 141. Resolution directing the Senate Legal Counsel to represent the Senate defendants in the Honorable Alcee L. Hastings, United States District Judge v. The United States Senate, et al. (D.D.C.); considered and agreed to.

By Mr. WILSON (for himself, Mr. BOSCHWITZ, and Mr. CRANSTON):

S. Con. Res. 41. Concurrent resolution expressing the sense of the Congress relating to the human rights conditions of Jews in Ethiopia; to the Committee on Foreign Relations.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DODD:

S. 1116. A bill to provide for a gradual increase in the rate of pay of certain offices and positions in the executive and judicial branches, and for other purposes; to the Committee on Governmental Affairs.

S. 1117. A bill to provide for a gradual and concurrent increase in the rate of pay and decrease in honoraria for Members of Congress, and for other purposes; to the Committee on Governmental Affairs.

#### INCREASES IN FEDERAL SALARIES AND DECREASE IN CONGRESSIONAL HONORARIA

Mr. DODD. Mr. President, 4 months ago I stood on this spot and argued that the real issues in the congressional pay raise debate were being obscured by demagoguery and cynicism. I said that lambasting the Congress by radio talk show hosts and editorial cartoonists—and even by some Members of Congress—should not deflect us from the necessary task of raising the pay of top Federal officials. And I said it was only by approving a salary increase to keep ourselves whole that Members of Congress would finally ban an entrenched practice none of us particularly like or believes is in the national interest: The practice of accepting a sizable portion of our income in the form of speaking fees from outside interest groups.

I supported publicly in that debate what I know many of my colleagues supported privately: A raise in executive, judicial, and legislative pay coupled with a ban on the acceptance of honoraria.

We all know what happened next, Mr. President: The Senate overwhelmingly rejected the pay raise measure; the House, which had been expected to defer the matter and thus allow the raise to go into effect, defeated it; and the status quo continued, with judges and top scientists and prosecutors consigned to choose further financial sacrifice or departure from government service, and with the noxious honorarium system challenged—but alive and well—in the legislative branch.

In the 4 months or so since we debated the President's pay raise proposal, the headlines have receded, the car-



toons and the call-in shows have turned to other topics, but the issues raised at that time remain.

To address these issues in a manner that I believe is both responsible and politically practical, I am introducing two pieces of legislation.

The first bill would provide for a gradual increase in the rate of pay of certain officials in the executive and judicial branches. The second bill would provide for a phased increase in the rate of pay of legislative branch personnel while concurrently phasing out any honoraria such personnel may now receive.

Based on current pay levels, the first measure would raise salaries for non-legislative branch personnel, as defined by the 1989 Commission on Executive, Legislative, and Judicial Salaries, by increments of 10 percent per year for 4 years beginning January 1, 1990. Those affected by this legislation would include Federal judges, executive branch political appointees, senior officers on the executive schedule, and our top research scientists.

The second measure would raise salaries for Members of Congress and certain other senior legislative branch personnel as defined by the salary commission by increments of 10 percent per year for 4 years beginning January 1, 1990, while concurrently phasing out honoraria at a rate of 25 percent per year over 4 years.

As I pointed out in the course of the February debate, honest discussion of the appropriate salary for Members of this body must begin with a recognition that the true pay level for U.S. Senators is not \$89,500; it is really \$125,300. Our checks from the Treasury amount to the lower figure, but we long ago set our de facto pay level 40 percent higher when we determined that, given a choice, the public probably would tolerate a supplement to our income paid by special interest groups—but would not tolerate an increase paid from tax revenues. Elected into a body with such a two-source pay system, most of us who live on our earnings and have little or no private wealth have traditionally relied on this additional income to help support two households and keep pace with inflation.

Partly because of the pay raise debate, partly because of the increasing attention negative campaigning has focused on this issue, and partly because of media fascination with the minutiae of the lives of public figures, the old assumptions no longer apply. If the public will not tolerate a substantial increase in congressional pay, neither will it tolerate in the long run substantial speaking fees from outside interest groups.

Mr. President, the new climate has forced difficult choices on Members of Congress. I, for one, have come to the conclusion that—no matter how high

the barriers I have erected between my personal finances and my responsibilities as a Senator, no matter that I have never tailored any remark, let alone any legislative act, to the wishes of any group that has paid for a speech or presentation—I will no longer accept honoraria. Since the Senate's vote on the President's pay raise proposal, I have accepted no speaking fees, and I will not do so again.

The legislation I am putting forward today will allow the Congress as a whole to arrive at the same point in rejection of outside earnings, though by a more gradual course than that which I have chosen for myself. The bill proposes that at the end of the 4-year salary increase phase in, Members of Congress will have salary approximately equal to what the present system allows Senators to earn this year. The 10 percent per year increase in salary over 4 years would apply to all the salaries affected—executive, judicial, legislative—in both pieces of legislation.

It would be possible, of course, to substitute legislative fiat for Members' own discretion and demand an immediate ban on honoraria, rather than the phaseout I propose. That path, however, would have a disproportionately adverse effect on Members who have no other income and whose financial commitments over the course of the years the present system has been in place have made them dependent on the supplementary earnings from speaking fees. Those of our colleagues who are in that position do not deserve a sudden cut in their income of 30 or 40 percent; a transition period from the present system to a better system is, I believe, the most practical and least onerous approach.

I recognize that the precise formula I propose may not be the best one. I am not wedded to the numbers in these bills. Perhaps it will be the wisdom of the Congress that 10 percent increases are too high or too low, or that a 4-year phase in is too short or too long. These details can change. What should not be altered, however, is the bottom line: A fair and reasonable salary structure, and an end to honoraria.

I well know that the pay raise issue is not popular. And has never been the case. Our distinguished President pro tempore has outlined in great detail in his book the history of pay increases going back to the very founding of this institution. But as long as working men and women are subject to inflation and economic uncertainty, and as long as our citizens depend on a government of integrity to act as a healthy catalyst for improving the quality of our Nation's future, I also know it is an issue that must be confronted responsibly.

I offer this legislation today in an effort to clear away the web of problems that perennially surround this issue. I am certain that another pay raise debate such as that played out earlier this year could seriously undermine public trust in government, and could well serve notice to the ranks of our future political leaders, judges and scientists that public service just isn't worth it. It is up to us to prove to those future leaders that public service is not only worth it but also worth championing as indispensable to a vital and competitive United States.

There are two critical aspects to the legislative package I introduce today: First, that judicial and executive salaries are provided for separately from those of legislative branch personnel; second, that a fair and responsible framework is established for setting the pay of Members of Congress.

I have chosen to offer two separate bills in order to decouple the process of pay raises for those in the judicial and executive branches from those in the legislative branch. Even if Congress is unable to act on a pay raise for itself, we should no longer hold the livelihood, integrity and valued talent of personnel in the judicial and executive branches hostage to our own indecision. We cannot afford to foreclose on the future survivability of our Nation's judicial system or on the viability of our Nation's AIDS or cancer research, our leadership in space exploration, the proper management of our airlines, the effective prosecution of our drug laws, the protection of our environment.

The bottom line is this: Our scientists and judges are worth more than they are paid. And our country's future demands that we be able to attract the best talent to fill our judicial chambers and our laboratories so that we can best meet the daunting challenges of the next century. I find it curiously unsettling to know that first-year law associates in the Nation's top firms can now earn nearly the same salary as our most seasoned Federal judges.

The legislation I am introducing on legislative branch salaries addresses the fundamental question I posed here in the course of February's pay raise debate: "Who pays Congress?" The answer should be a simple one: Members of Congress, like all employees, should be paid by the people they work for—the taxpayers. As public servants, our salaries should come from the public alone.

The current two-source pay system, with special interest groups supplementing Members' income with speaking fees, has elaborate disclosure and accounting requirements, and it is monitored closely by public interest groups and the news media. But it is a

system burdened by the potential of abuse.

There's been a great deal of discussion of late surrounding the issue of decoupling nonlegislative from legislative salaries in any pay raise legislation. In effect, opponents of decoupling argue that unless nonlegislative and legislative increases are provided in one legislative vehicle, the political will needed to act on the difficult issue of legislative pay will be lost. Decoupling, these skeptics say, will only result in leaving the widely condemned congressional pay system in place.

I believe the political will to resolve this vexing issue responsibly does indeed exist. The experience of recent months has demonstrated we can no longer ignore both the political infeasibility of maintaining the present two-source system of congressional pay, and the mounting cost in judicial, managerial, and scientific talent of holding a pay raise for the other branches hostage to deliberations on our own salaries. We have lost too many top researchers at NIH and NASA, seen too many distinguished jurists quit the bench for 5 or 6 or 10 times the pay in the private sector, and we have had too many jobs in key Federal departments go unfilled month after month because the most qualified candidates have found the costs of living in Washington would simply be greater than the salaries offered.

It is time to treat this awkward issue honestly and straightforwardly. It is time to make the case to our constituents that we must raise the pay of our most valued unelected public servants, and that we must pay our elected officials solely from public funds. It is time to establish a one-source salary structure in Congress that reflects economic reality while honoring the public's heightened concern over the personal finances of Members of Congress.

Mr. President, I urge my colleagues to join me in this effort, in the twin causes of restoring public confidence in Congress and assuring effective and responsible government.

By Mr. ARMSTRONG (for himself and Mr. WIRTH):

S. 1118. A bill to provide for the transfer of the Platoro Reservoir to the Conejos Water Conservancy District in the State of Colorado, and for the protection of fish habitat on the Conejos River; to the Committee on Energy and Natural Resources.

TRANSFER OF PLATORO RESERVOIR TO THE STATE OF COLORADO

• Mr. ARMSTRONG. Mr. President, today I am introducing, with my fellow Senator from Colorado, S. 1118, transferring title of Platoro Reservoir to the local conservancy district, and

providing for the protection of fish habitat on the Conejos River.

Platoro Reservoir is in southern Colorado. The reservoir was built in 1951 by the Bureau of Reclamation as part of the San Luis Valley irrigation project. Because of the administration of the interstate Rio Grande compact the reservoir has not been used for its intended purpose of agricultural irrigation.

The Conejos Water Conservancy District is the local governmental agency with the repayment obligation to the United States. The district will make an advance lump-sum payout of \$450,000.

This amount represents the present worth of \$500,000, which is the present value of the district's future obligation under the repayment contract, taking into account both the Federal savings of operation and maintenance costs, and \$50,000 for instream flow of 5 second-feet.

A value of \$100,000 for the 5 second-feet was determined in district negotiations with the Bureau of Reclamation. The district is contributing water valued at \$50,000 for instream flow.

The reservoir and underlying lands are to be transferred to the district, which will assume all responsibility for operation and maintenance of the dam. The water users of the Conejos District will assume the risk and responsibility of making this irrigation project work. Only through an aggressive local water management program, including water conservation, can the irrigation benefits of the project finally be realized.

As I noted, the bill provides instream flows in the Conejos River. Platoro was planned in the 1930's and 1940's, and built in 1951—all before NEPA or the Fish and Wildlife Coordination Act. No instream flows were provided below the dam. Now, due to negotiations with the Bureau, the Forest Service, and the State of Colorado, we can anticipate the Conejos District addressing flows by releasing water that otherwise would have been used for irrigation.

Because the State holds water rights which will protect these released waters, and because the State has provided low-interest financing to the Conejos District, the result is a three-way shared interest in this project.

From the Federal perspective, the effect of the transfer is to discount and sell a questionable loan. Project costs owed by the Conejos Water Conservancy District were to be repaid within 40 years. However, the 40-year repayment period did not start ticking until water was available to the district for irrigation. Water from the reservoir has not been available for irrigation because Colorado owed water to Mexico pursuant to the 1939 Rio Grande compact. Under this interstate compact, Colorado cannot store water

in post-compact reservoirs if Colorado owes a water debt under the compact. Not until 1985, due to high water years, was the compact water debt finally paid. Consequently, Conejos District has paid virtually nothing on its obligation to the Government because it has received almost no water from the project.

Also, the risk of compact problems and the task of implementing an aggressive water management and conservation program are passed to local water users with this legislation.

The Forest Service also has been involved in developing this legislation. The purchase price includes fair market value of underlying Forest Service land. And the Forest Service will continue to manage recreation on the reservoir surface.

From the Conejos District's perspective, the effect of the bill is to transfer to the district direct responsibility for the success of the project and freedom from Federal bureaucratic overhead which renders efficient financial and water management of the reservoir extremely difficult.

Platoro Reservoir is located in one of the economically hardest-hit rural counties in the State of Colorado. Local operation of Platoro Reservoir is seen as a key economic issue in that rural county. The Colorado Legislature readily provided funding to the district in the form of a grant and loan package facilitating this transfer.

The Bureau of Reclamation, the Forest Service, the State of Colorado, and the Conejos Water Conservancy District support transfer of title of Platoro Reservoir to the district.

Local water users are willing and able to take a Federal irrigation project which has not worked, and manage it efficiently and responsibly to ensure its success. Intergovernmental agreements with water users address instream flow. Recreational use of the reservoir will continue.

This bill makes good sense financially and environmentally for the Federal Government, people enjoying the outdoors, and the Conejos District irrigators, and I urge your support.●

By Mr. MITCHELL:

S. 1119. A bill to amend the Internal Revenue Code of 1986 to provide that unearned income of a child attributable to damages received on account of personal injuries or sickness of the child shall not be taxed at the marginal rate of such child's parents; to the Committee on Finance.

TAX TREATMENT OF CERTAIN UNEARNED INCOME OF A MINOR CHILD

Mr. MITCHELL. Mr. President, I am today introducing legislation making a simple change in the Internal Revenue Code dealing with the taxation of minor children. This change would treat income earned with respect to



damages received on account of a personal injury as earned income for purposes of the taxation of minor children.

The Tax Reform Act of 1986 makes a number of changes in the tax treatment of minor children under the age of 14. Those changes are generally designed to limit the ability of families to shift income from the parents to children to take advantage of lower marginal tax rates. These provisions, known as the kiddie tax, require that minor children pay tax on unearned income in excess of \$500 at the marginal tax rate applicable to the child's parents.

The kiddie tax has been widely criticized as an overly burdensome and complicated attempt to prevent the slightest tax benefit from shifting assets to minor children. Because the rules are so strict, they wind up including unearned income of minor children not in any way related to the purpose of the law. Many Members of Congress are supporting legislation to change the kiddie tax to limit its application by raising the threshold of unearned income subject to the parents' marginal tax rate.

My bill is much more modest. I offer only one change designed to cover those rare instances when a minor child earns income from assets received in connection with the personal injury or sickness of the child. Under current law, to the extent that income exceeds \$500 it is taxable at the higher marginal tax rate payable by the child's parents. Thus, when a trust account is established to compensate a minor child for personal injuries or to fund medical expenses, the kiddie tax requires that the income be subject to a higher tax rate.

It seems to me particularly inappropriate to tax this income at the higher marginal tax rate of the parent. This is truly the child's income earned from money the child received on account of personal injuries and has nothing at all to do with the purpose of the law to discourage income shifting. My legislation corrects this inequity by providing that such income—attributable to damages received on account of personal injuries or sickness—will not be taxed at the parents' marginal tax rate.

I ask unanimous consent that a copy of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1119

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. UNEARNED INCOME ATTRIBUTABLE TO PERSONAL INJURY AWARDS.

(a) IN GENERAL.—Paragraph (4) of section 1(i) of the Internal Revenue Code of 1986 (defining net unearned income) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after sub-

paragraph (A) the following new subparagraph:

"(B) EXCEPTION FOR UNEARNED INCOME ATTRIBUTABLE TO PERSONAL INJURY AWARDS.—

"(i) IN GENERAL.—There shall not be taken into account under clause (i) of subparagraph (A) any qualified injury award income.

"(ii) QUALIFIED INJURY AWARD INCOME.—For purposes of clause (i), the term 'qualified injury award income' means income attributable to an amount excluded from the gross income of the child by reason of section 104(a)(2) if—

"(I) such excluded amount is received by the child in a lump sum, and

"(II) such income accrues on such excluded amount while in a custodial account (other than a trust) the amounts in which are prohibited under State law from being used to satisfy any person's obligation to support or maintain such child."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1988.

By Mr. GRASSLEY (for himself and Mr. PRYOR):

S. 1120. A bill to amend the Internal Revenue Code of 1986 to exempt certain individuals from the requirements of section 89 of such Code; to the Committee on Finance.

EXEMPTION OF CERTAIN INDIVIDUALS FROM SECTION 89 OF THE TAX CODE

● Mr. GRASSLEY. Mr. President, today on behalf of myself and Senator PRYOR, I am introducing a bill which would amend section 89(h)(1) of the Internal Revenue Code to exempt certain persons from coverage under section 89.

The persons who would be exempted from coverage should this bill become law are: First, enrollees in the Older Americans Act Senior Community Services Employment Program, second, persons participating in the Senior Environmental Employment Program, third, students enrolled in cooperative education programs, and fourth, individuals working at rehabilitation facilities.

I am introducing this exemption bill for several reasons. The law is unclear as to whether these individuals should be covered under section 89. The Internal Revenue Service's regulations for section 89 did not clarify their status. Staff of the Committee on Finance and IRS to this point have been unable to provide assurances that these individuals would be exempted from coverage under section 89. Finally, I do not believe that Congress intended that these individuals should be covered by section 89. More precisely, I do not believe that Congress intended to create the negative consequences I believe would flow from application of section 89 to the individuals who are the subject of my bill. Nor do I believe that Congress can live with these consequences.

Mr. President, let me take a moment to review the reasons why I believe the Committee on Finance and the Senate should consider exempting these indi-

viduals from coverage under section 89.

OLDER AMERICANS ACT SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

There are currently 65,800 part-time community service job slots supported by title V of the Older Americans Act. Of these, 851 provide jobs for older Iowans. These jobs are filled by enrollees, in the terminology used by the program, who must be 55 years or older and have incomes not more than 125 percent of poverty. In some cases, the organizations providing employment for these individuals are the 8 national contractors which administer 78 percent of the funds authorized by title V. These 8 national organizations are the American Association of Retired Persons, the National Council on Aging, Green Thumb of the National Farmers Union, the U.S. Forest Service, the National Council and Center on Black Aged, the National Association of Hispanic Elderly, the National Council of Senior Citizens, and the National Urban League. In some cases, the State Governments, which administer 28 percent of the title V funds, provide employment for these individuals.

In the largest number of cases, however, the title V organizations and the States arrange employment with a great variety of organizations in local communities. These organizations can be anything from a senior meal site to a local hospital, from a library to a senior transportation service, from Forest Service offices to Meals on Wheels.

In some cases, enrollees are carried directly on the payroll of 1 of the 8 national title V contractors. But in many cases, they are carried on the payroll of the local employing organization and receive a W-2 from that organization. Therefore, as far as I can tell from discussions my staff has had with Treasury Department staff and Finance Committee staff, these individuals would be considered employees for purposes of section 89, and would therefore be covered by its requirements.

At the present time, some of these individuals do receive health insurance from the organization for which they work. In many cases, however, they do not. In those many cases in which they do not, given the current uncertainty with respect to section 89 coverage of such individuals, the employing organization could fail the section 89 tests required by the law in its present form.

As I see it, should they be vulnerable to compliance failure, they would have only a small number of choices, each of which creates a situation I feel confident the Congress did not contemplate when it passed section 89:

First, provide benefits to enrollees comparable to those provided to the

organization's employees. Given that the Congress probably will not provide significant additional funds for title V, the title V national contractors and the States would probably have to reduce the number of slots they can support. Green Thumb estimates that they would have to reduce by one-fourth the number of job slots they could offer qualified individuals. I do not believe that Congress contemplated a reduction of one-fourth of the job opportunities offered under title V when it passed section 89.

Second, in the case of local organizations offering employment opportunities to title V enrollees, cease to participate in the program. This, too, is not an outcome Congress could have intended. What we want is more, not fewer, organizations offering training and employment opportunities to qualified older people.

Third, eliminate employee benefits for their employees. Although this is theoretically possible, I do not believe that many organizations will do this.

#### THE SENIOR ENVIRONMENTAL EMPLOYMENT PROGRAM

This program was authorized by the Environmental Programs Assistance Act (Public Law 98-313). This law authorized the establishment of a program of grants administered by the Environmental Protection Agency for the purpose of aiding State and local programs of pollution abatement and control. The program recruits persons 55 years of age and older. There are currently several hundred senior environmental employment program, see program, workers. These individuals are carried on the rolls of 6 organizations which receive cooperative agreements from the Environmental Protection Agency. These organizations are the American Association of Retired Persons, the National Association of Hispanic Elderly, the National Caucus, and Center on Black Aged, the National Council of Senior Citizens, the National Council on the Aging, and the National Urban League. The 6 organizations recruit, hire, and pay salaries to older workers who then work for units of the Environmental Protection Agency.

I believe that the consequences of requiring coverage of these workers under section 89 would have consequences similar to those I just outlined above for the Older Americans Act title V program.

#### COOPERATIVE EDUCATION PROGRAM

Cooperative education programs involve a work experience of up to 1 year in length for a student enrolled in an accredited program of higher education. Currently, there are over 250,000 students nationwide involved in cooperative education programs. Nationwide there are 1,000 colleges and universities which offer such programs to their students. Of these 20 are in Iowa. Many of these students

are provided health insurance during their off-campus work experience by health insurance programs organized and offered by their colleges and universities.

My staff has discussed the question of section 89 coverage of such students with the National Commission for Cooperative Education. The National Commission has learned that some employers may be disinclined to hire students in cooperative programs because those employers do not wish to be responsible for providing health benefits to these students or for the paperwork and costs involved in demonstrating that such students are otherwise covered by health insurance.

Surely we do not want to create a situation in which employers are unwilling to take on students in cooperative education programs because of the additional section 89 burdens they would bear as a consequence.

#### REHABILITATION FACILITIES PROGRAMS

Section 89 poses a problem also for rehabilitation facilities. These are community-based, nonprofit rehabilitation facilities that provide rehabilitation, training, placement and residential services to persons with mental or physical disabilities. Currently, there are around 6,000 vocational rehabilitation facilities nationwide serving around 400,000 people. In Iowa, there are some 27 vocational rehabilitation facilities which could be affected by this legislation.

Many individuals in rehabilitation facilities are covered by Medicare or Medicaid. Were rehabilitation facilities required to cover individuals in their programs with private health insurance, serious complications would immediately be created. Many of these individuals would not be insurable, or insurable only for prohibitively high premiums. Requiring coverage of these individuals could render the facility itself uninsurable. Medicare and Medicaid now require that other health insurance serve as primary payor.

Were rehabilitation facilities required to cover the full cost of health insurance for people in their programs, cancellation of benefits for staff could result. As the general counsel of the National Association of Rehabilitation facilities, the primary national organization representing nonprofit rehabilitation facilities, put it in a letter to me: "It would be a cruel irony if Federal law made the staff of a rehabilitation facility uninsurable as a group or price them out of the market by requiring inclusion of disabled clients who in many cases are covered by \*\*\* [public programs]."

#### ARE THESE INDIVIDUALS EMPLOYEES?

One important question which arose in the course of developing this bill is whether these individuals should be referred to as employees in this legislation. The short answer to this ques-

tion is that we did not refer to them as employees, but rather as individuals.

However, I wish to alert Senators and their staff to the fact that Senate Legislative Counsel considered this question when they drafted the bill and preferred to use the term "employee." The counsel reasoned that, first, section 89 does not define the term "employee." Second, section 89(h)(1), which this bill amends, contains a list of exemptions all of which are termed "employees." Thus, in order to remain consistent with the other provisions of section 89(h)(1), the term "employee" would be appropriate.

I have used the term "individuals" in this bill, rather than "employees," because I wanted to emphasize that these individuals are not considered employees by the programs in which they work, and I wanted to make it clear that we do not wish to establish in statute a precedent which would define them as employees. Representatives of these programs fear that, if we establish a precedent in statute for considering these individuals as employees, the organizations which employ them could then be required to provide certain fringe benefits which they do not now provide. Needless to say, this would be a very expensive proposition. Given that these programs have major purposes other than employment, it does not seem reasonable to place these programs in the position of providing expensive fringe benefits which would cause them to greatly reduce the number of people they could serve.

Mr. President, a final question which might be raised with respect to this bill is whether health benefits should not be assured to the individuals affected by this bill. Of course, health benefits should be assured to these individuals. But the means to do this should not be section 89. Rather it should be by another approach aimed directly at dealing with the problem of the medically uninsured in this country. The possible negative consequences section 89 could have were it applied to the individuals who are the subject of this legislation certainly offset any benefits gained by applying section 89 to them.

Mr. President, I ask unanimous consent that several letters in support of the legislation be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

GREEN THUMB, INC.,  
Falls Church, VA, May 18, 1989.  
Hon. CHARLES E. GRASSLEY,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR GRASSLEY: Thank you for your leadership in taking the initiative to draft legislation exempting the Senior Community Service Employment Program



("SCSEP") from the requirements of Section 89 of the Internal Revenue Code.

As you are aware, in the absence of additional appropriations from Congress, we estimate that up to one-quarter of approximately 65,800 enrollees in the SCSEP would be laid-off should Green Thumb and other sponsors be required by Section 89 to provide enrollees with the same fringe benefits as our employees (staff). For Green Thumb alone, this would mean the loss of jobs for approximately 4,500 low-income seniors nationwide, some of whom would be your constituents in Iowa.

We fully acknowledge that among those groups most desperately in need of health insurance and other fringe benefits is the group represented by the SCSEP enrollees—the low-income elderly. However, we also believe that the sacrifice of thousands of jobs which enable these very persons to live productive, dignified lives could not possibly be justified by improved health care and other benefits for the fortunate who have priority for layoff.

Admittedly, the best alternative might be for Congress to appropriate additional funds to enable SCSEP sponsors to provide Section 89 fringe benefits for all enrollees. In the current economic climate, however, this prospect does not appear likely, particularly since the SCSEP already needs approximately \$40 million in supplemental funding to maintain its current number of authorized positions (65,800) due to increases in state minimum wage levels. And, should the Federal minimum wage be increased, the need for supplemental appropriations to maintain existing services would increase, as well.

COALITION FOR COOPERATIVE  
EDUCATION,  
May 4, 1989.

HON. CHARLES E. GRASSLEY,  
c/o Mr. TED TOTMAN,  
U.S. Senate,  
Hart Building,  
Washington, DC.

DEAR SENATOR GRASSLEY: On behalf of the combined memberships of the organizations comprising the Coalition For Cooperative Education, which represent the large majority of co-op professionals across the nation, we enthusiastically support the introduction of your Bill to amend the Internal Revenue Code of 1986 to exempt certain employees (in this instance, postsecondary cooperative education students) from the requirements of Section 89—Subtitle B—Employee Benefit Provisions—of such Code.

Your initiative is especially important in that the possibility, if not probability, of some employers becoming disinclined to hire co-ops because of the additional costs incurred in being required to include co-ops in their benefits programs has already been encountered in a number of instances.

And since most colleges and universities make health insurance coverage available to their students, the potential for an unnecessary and debilitating redundancy in coverage will have been caused by Section 89.

Thank you for your support in this matter.

Sincerely,

DAN CAYSE,  
President, Cooperative Education Association Inc.

BEVERLY A. GBURSKI,  
Chairperson, Cooperative Education Division of the American Society for Engineering Education.

RALPH C. PORTER,

President, National Commission for Cooperative Education.

NATIONAL ASSOCIATION OF  
REHABILITATION FACILITIES,  
May 4, 1989.

Senator CHARLES E. GRASSLEY,  
Hart Senate Office Building, U.S. Senate,  
Washington, DC.

DEAR SENATOR GRASSLEY: We appreciate your interest in amending Section 89 of the Internal Revenue Code. NARF is the primary national organization representing community-based nonprofit rehabilitation facilities that provide rehabilitation, training, placement and residential services to persons with mental or physical disabilities. Work is often an important part of the rehabilitation and training process for these people.

There is a great deal of confusion among our membership surrounding Section 89. We have been inundated by calls from concerned members. Some callers think that mandated health benefits legislation has been passed; others have heard conflicting reports about what is required under Section 89 and all want to know what they should do.

Our membership has had two basic concerns about this section. The first is the definition of who constitutes an employee for purposes of Section 89. We have addressed this in our comment letter to the IRS which is attached. However, the second issue and one which you are addressing in your proposed legislation which we support, is the question of, among types of employees, which should be excluded from the nondiscrimination rules of Section 89. We advocate that certain categories of employees be excluded for purposes of Section 89 only.

The purpose of vocational rehabilitation facilities, of which there are approximately 6,000 in the country, is a social one, to afford employment and dignity for people with disabilities. Under these circumstances the value of imposing the requirements of Section 89 must be gauged on whether or not it expands or restricts potential benefits. Facilities employing a large number of people with disabilities who have completed a rehabilitation program face difficult choices if Section 89 is applicable to them.

Many persons with disabilities in either sheltered employment or supported employment programs are covered by Medicare or Medicaid. The economic affect of whether a person is an employee for purposes of withholding Social Security is quite different from that for mandating participation in accident and health insurance. In the case of health insurance a person with a disability may be an uninsurable risk on an individual basis and the presence of a large number of such people in a facility may render the facility itself uninsurable or dictate premium rates that are not economical. Also, there are complex interrelationships between income disability and physical-mental conditions in the eligibility standards and benefits for these programs. For example, the Medicare and Medicaid acts provide that group or other health insurance is now the first payor. Yet under certain circumstances persons with disabilities are allowed to retain Medicaid coverage for working after periods of rehabilitation or in a sheltered environment. Requiring that the rehabilitation facility cover the full cost of such insurance in an effort to ensure that there is no discrimination among the type of insurance offered to employees will likely force, not the expansion or assurance of availability

to benefits as anticipated by Section 89 for clients with disabilities, but rather the elimination of benefits for staff which is a desirable outcome.

NARF supports the provisions of all employment benefits, especially health benefits, for persons with disabilities. However, we do not believe the Internal Revenue Code is the proper form for tackling this thorny problem.

It would be a cruel irony if Federal law made the staff of a rehabilitation facility uninsurable as a group or price them out of the market by requiring inclusion of desirable clients who in many cases are covered by the public programs mentioned above. Therefore, we support your proposed exclusion of persons with disabilities under certain categories. While it is not an exhaustive list of the persons served in vocational rehabilitation facilities which constitute approximately 400,000 people, it does constitute a considerable portion thereof.

Therefore, we look forward to prompt action on your bill.

If you have any questions regarding our position or wish to explore these issues further, please contact me.

Sincerely,

CAROLYN ZOLLAR,  
General Counsel.

NATIONAL ASSOCIATION OF  
REHABILITATION FACILITIES,  
Washington, DC,  
April 18, 1989.

Re Notice of Proposed Rulemaking, Benefits Provided Under Certain Employee Benefit Plans, 54 Fed. Reg. 9460.

Commissioner of Internal Revenue,  
Internal Revenue Service,  
Washington, DC.

DEAR MR. COMMISSIONER: These comments on the Notice of Proposed Rulemaking (NPRM) captioned above are submitted by the National Association of Rehabilitation Facilities (NARF). This association is the principal national membership organization of medical and vocational community-based rehabilitation facilities, including a significant number of entities providing vocational training, sheltered employment and supported employment to persons with disabilities.

These comments respond to the request in the notice for comments on the treatment of clients in sheltered workshops maintained by charitable entities. See notice, page 9462. They also address other circumstances in which persons with disabilities receive services in the context of a vocational setting.

The referenced passage of the notice invites comments as to whether "certain classes of employees" should be excluded from the nondiscrimination rules of Section 89. The basic issue for rehabilitation facilities is the definition of who is an employee; and secondly the impact of the law on persons with disabilities who are employees of vocational rehabilitation facilities.

Historically, the IRS has not considered persons with disabilities who are receiving training in a sheltered workshop to be "employees" for purposes of withholding and Social Security tax purposes, even though such persons receive some compensation during their training. See Revenue Ruling 65-165. This Revenue Ruling distinguished this status from that of a person who has completed a training program and continues to work for a workshop permanently or while awaiting placement in competitive em-

ployment. This distinction is logical and should continue.

However, Section 89 raises other problems for people in vocational rehabilitation facilities who are employees.

It seems implicit in Section 89 that employers are hiring employees because it is in the employer's interest to do so. In providing work and incomes for disabled people, vocational rehabilitation facilities are not guided by this motive. Rather, their purpose is a social one, to afford employment and dignity for people with disabling limitations. Under these circumstances the value of imposing the requirements of Section 89 to their client population must be gauged by whether it expands or restricts potential benefits to them.

Most vocational rehabilitation facilities employ staff to provide training, supervision, counseling and other services to persons with disabilities served by the entity. These employees would and should be covered by Section 89 to the same extent as other employers subject to the law. Persons with disabilities who are served by the facility pose special problems. Application of the tests set forth in Rev. Rul. 65-165 only partially address this problem. Institutions employing large numbers of persons with disabilities who have completed a rehabilitation program face difficult choices if Section 89 is applicable to such persons. Many are covered by Medicare and Medicaid.

The economic effect of whether a person is an employee for purposes of withholding or Social Security is quite different from that of mandating participation in health and accident insurance, for example. In the latter case a physically or mentally disabled person may be an uninsurable risk on an individual basis and the presence of a substantial number of such persons in an institution may render the entity itself uninsurable or dictate premium rates that are not economical. Many such persons are entitled to Medicare benefits as a result of being disabled for two years or for Medicaid benefits as a result of their incomes or because they are beneficiaries of the Supplemental Security Income program under the Social Security Act. There are complex interrelationships between income, disability and physical/mental condition in the eligibility standards and benefits in these programs. For example, the Medicare and Medicaid Acts provide that group or other health insurance is now the first payor. Yet, under certain circumstances persons are allowed to retain Medicare coverage while working after periods of rehabilitation or in a sheltered environment. (See Section 1619, Social Security Act.)

In some cases special waivers have been granted to permit them to work without loss of these publicly supported health care programs. Requiring that the rehabilitation facility cover the full cost of such insurance will likely force, not the expansion of benefits for clients with disabilities, but rather the elimination of benefits for staff simply because of cost and the data gathering and reporting burden. At the same time NARF supports providing benefits, especially health benefits to persons with disabilities who do not have other coverage but finds that the IRC is not the proper forum. The result is as comfortable a fit as a square peg in a round hole.

We do not have sufficient information on the contemporary practices of various facilities to provide a comprehensive statistical analysis of this problem, but it certainly exists. It is compounded by the fact that

persons with disabilities often are uninsurable or are insurable only at high rates and with "preexisting condition" exclusions. It is unclear whether such an exclusion would be regarded as discriminatory per se under Section 89. It would also be a cruel irony if Federal law made the staff of a rehabilitation facility uninsurable as a group or priced them out of the market by requiring inclusion of disabled clients, who in many cases are covered by public programs.

We strongly suggest that persons served by rehabilitation facilities be excluded from Section 89 as not being the type of "employees" to which the law is addressed. We suggest that this exclusion extend to both persons in active training programs and those in sheltered or supported employment programs. At a minimum, certain definable populations should be excluded. These should logically include persons employed under Labor Department certificates pursuant to Section 14(c) of the Fair Labor Standards Act, persons receiving Supplemental Security Income payments, persons receiving Social Security Disability Insurance benefits and persons otherwise qualified for state Medicaid benefits. These groups are not exhaustive of the persons served in vocational rehabilitation facilities, but they constitute a considerable portion thereof.

It is our intention to supplement these comments as further information on the matter is developed. It is urgent that Section 89 not result in losses of benefits for current staff and impairment of services to persons with disabilities. To do so would defeat some of the original intent of Section 89. Those are the likely results of application of the law to clients in programs operated by vocational rehabilitation facilities.

We would be pleased to discuss these points with you. If you have any questions please contact me.

Sincerely yours,

CAROLYN ZOLLAR,  
General Counsel.●

By Mr. GORE (for himself, Mr. SASSER, Mr. BURDICK, Mr. GARN, Mr. KASTEN, Mr. ROBB, Mr. LAUTENBERG, Mr. WILSON, Mr. HOLLINGS, Mr. STEVENS, Mr. CHAFFEE, Mr. HATCH, Mr. LIEBERMAN, Mr. MATSUNAGA, Mr. PELL, Mr. COCHRAN, Mr. MITCHELL, Mr. BOND, Mr. SIMPSON, Mr. METZENBAUM, Mr. WARNER, Mr. HEFLIN, Mr. SARBANES, Mr. D'AMATO, Mr. PRESSLER, Mr. RIEGLE, Mr. McCURE, Mr. INOUE, Mr. GLENN, Mr. DOLE, Mr. CONRAD, Mr. DeCONCINI, Mr. THURMOND, Mr. ROCKEFELLER, Mr. PRYOR, Mr. LEVIN, Mr. LUGAR, Mr. KERRY, Mr. SHELBY, Mr. MURKOWSKI, Mr. GRAHAM, Mr. SPECTER, Mr. GORTON, Mr. DODD, Mr. CRANSTON, Mr. NUNN, Mr. JOHNSTON, Mr. HEINZ, Mr. BRADLEY, Mr. ADAMS, and Mr. ROTH):

S.J. Res. 148. Joint resolution to designate the week of October 8, 1989, through October 14, 1989, as "National Job Skills Week"; to the Committee on the Judiciary.

#### NATIONAL JOB SKILLS WEEK

● Mr. GORE. Mr. President, for the fourth straight year I am pleased to introduce along with a majority of my colleagues a resolution to designate National Job Skills Week. The purpose of this week is to highlight the many changes taking place in America's workplace, to focus attention on private and public job training efforts, and to make our Nation aware of our present and future work force needs. The resolution will designate October 8, 1989, through October 14, 1989, for the observance of National Job Skills Week.

I am happy to report that past observances of National Job Skills Week have been very successful in calling attention to the challenges we face in the workplace and emphasizing the need for developing a higher skilled work force that can continue to compete in the world economy. They have focused attention on the importance of training and retraining our Nation's workers. I am confident that future Job Skills Weeks will be just as successful, and I urge my colleagues to support the resolution.

Mr. President, I ask unanimous consent that the joint resolution be printed in the RECORD, as follows:

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

#### S.J. RES. 148

Whereas the ability to maintain an internationally competitive and productive economy and a high standard of living depends on the development and utilization of new technologies;

Whereas new technologies require skills that are currently lacking in the national workforce;

Whereas experts in both the public and private sectors predict that a shortage of skilled entry-level workers will exist through the remainder of this century;

Whereas young people in the United States are experiencing higher than normal unemployment rates because many of them lack the skills necessary to perform the entry-level jobs that are currently available;

Whereas these young people will continue to experience higher than normal unemployment rates unless they develop the skills necessary to perform the entry-level jobs that become available;

Whereas American workers who face dislocation due to plant closures and industrial relocation need special training and education to prepare for new jobs and new opportunities; and

Whereas a National Job Skills Week can serve to focus attention on present and future workforce needs, to encourage public and private cooperation in job training and educational efforts, and to highlight the technological changes underway in the workplace: Now, therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of October 8, 1989, through October 14, 1989, is designated as "National Job Skills Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such



week with appropriate ceremonies and activities.●

### ADDITIONAL COSPONSORS

S. 9

At the request of Mr. DOLE, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of S. 9, a bill to amend title II of the Social Security Act to phase out the earnings test over a 5-year period for individuals who have attained retirement age, and for other purposes.

S. 435

At the request of Mr. REID, the name of the Senator from Idaho [Mr. MCCLURE] was added as a cosponsor of S. 435, a bill to amend section 118 of the Internal Revenue Code to provide for certain exceptions from certain rules determining contributions in aid of construction.

S. 478

At the request of Mr. DODD, the names of the Senator from Iowa [Mr. HARKIN], the Senator from Nebraska [Mr. KERREY], the Senator from Oklahoma [Mr. BOREN], and the Senator from West Virginia [Mr. BYRD] were added as cosponsors of S. 478, a bill to provide Federal assistance to the National Board for Professional Teaching Standards.

S. 488

At the request of Mr. FOWLER, the name of the Senator from Oregon [Mr. HATFIELD] was added as a cosponsor of S. 488, a bill to provide federal assistance and leadership to a program of research, development, and demonstration of renewable energy and energy efficiency technologies, and for other purposes.

S. 527

At the request of Mr. BAUCUS, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 527, a bill to amend title XVIII of the Social Security Act to reclassify certain hospitals as sole community hospitals, and for other purposes.

S. 579

At the request of Mr. GLENN, the name of the Senator from Kentucky [Mr. McCONNELL] was added as a cosponsor of S. 579, a bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to direct the Secretary of Transportation to establish Federal motor vehicle safety standards to require that a schoolbus is equipped with a system of mirrors that provide the driver when seated with an unobstructed view of certain areas under and alongside of the schoolbus, and for other purposes.

S. 698

At the request of Mr. HEINZ, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 698, a bill to extend the

suspension of duty on certain circular knitting machines and parts.

S. 721

At the request of Mr. BAUCUS, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 721, a bill to amend title XIX of the Social Security Act to provide coverage for certain parental and post-natal care services, and for other purposes.

S. 727

At the request of Mr. HEFLIN, the names of the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Hawaii [Mr. INOUE], the Senator from North Dakota [Mr. CONRAD], the Senator from Alaska [Mr. STEVENS], the Senator from Utah [Mr. GARN], the Senator from Idaho [Mr. SYMMS], the Senator from Indiana [Mr. COATS], the Senator from South Carolina [Mr. THURMOND], the Senator from Utah [Mr. HATCH], the Senator from Oklahoma [Mr. BOREN], the Senator from Arkansas [Mr. PRYOR], and the Senator from Indiana [Mr. LUGAR] were added as cosponsors of S. 727, a bill to amend the Animal Welfare Act to provide protection to animal research facilities from illegal acts.

S. 734

At the request of Mr. REID, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 734, a bill to authorize and direct the General Accounting Office to audit the Federal Reserve Board, the Federal Advisory Council, the Federal Open Market Committee, and Federal Banks and their branches.

S. 972

At the request of Mr. WIRTH, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 972, a bill to transfer to the Secretary of Health and Human Services the authority of the Secretary of Energy to conduct epidemiological studies of the effects of radiation, and for other purposes.

#### SENATE JOINT RESOLUTION 108

At the request of Mr. HEFLIN, the names of the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Illinois [Mr. SIMON], and the Senator from New Mexico [Mr. DOMENICI] were added as cosponsors of Senate Joint Resolution 108, a joint resolution designating October 3, 1989, as "National Teacher Appreciation Day."

#### SENATE JOINT RESOLUTION 117

At the request of Mr. BURDICK, the names of the Senator from Michigan [Mr. LEVIN], the Senator from New Jersey [Mr. BRADLEY], the Senator from Oregon [Mr. PACKWOOD], the Senator from North Dakota [Mr. CONRAD], the Senator from Minnesota [Mr. DURENBERGER], the Senator from Washington [Mr. ADAMS], the Senator from Idaho [Mr. SYMMS], the Senator from Ohio [Mr. METZENBAUM], the

Senator from Rhode Island [Mr. CHAFEE], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Alaska [Mr. STEVENS], the Senator from Michigan [Mr. RIEGLE], the Senator from Washington [Mr. GORTON], the Senator from Arkansas [Mr. PRYOR], the Senator from Montana [Mr. BURNS], the Senator from Ohio [Mr. GLENN], the Senator from New York [Mr. D'AMATO], the Senator from Georgia [Mr. NUNN], the Senator from Kansas [Mr. DOLE], the Senator from Virginia [Mr. ROBB], the Senator from Idaho [Mr. MCCLURE], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from South Dakota [Mr. PRESSLER], the Senator from Hawaii [Mr. INOUE], the Senator from Mississippi [Mr. COCHRAN], the Senator from New York [Mr. MOYNIHAN], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Maine [Mr. MITCHELL], the Senator from Indiana [Mr. COATS], the Senator from California [Mr. CRANSTON], the Senator from Indiana [Mr. LUGAR], the Senator from Massachusetts [Mr. KERRY], the Senator from Wisconsin [Mr. KASTEN], the Senator from Nevada [Mr. REID], the Senator from Missouri [Mr. DANFORTH], the Senator from Alabama [Mr. HEFLIN], the Senator from Oregon [Mr. HATFIELD], the Senator from Connecticut [Mr. DODD], the Senator from Florida [Mr. MACK], the Senator from Delaware [Mr. ROTH], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Maryland [Mr. SARBANES], and the Senator from New Hampshire [Mr. HUMPHREY] were added as cosponsors of Senate Joint Resolution 117, a joint resolution to designate the week of November 19, 1989, through November 25, 1989, and the week of November 18, 1990, through November 24, 1990, as "National Family Week."

#### SENATE JOINT RESOLUTION 137

At the request of Mr. KASTEN, the names of the Senator from Arkansas [Mr. PRYOR], the Senator from Washington [Mr. GORTON], the Senator from Maine [Mr. MITCHELL], the Senator from North Carolina [Mr. HELMS], the Senator from Delaware [Mr. ROTH], the Senator from South Dakota [Mr. PRESSLER], the Senator from Wyoming [Mr. WALLOP], the Senator from Alaska [Mr. STEVENS], the Senator from New Hampshire [Mr. HUMPHREY], and the Senator from New Mexico [Mr. DOMENICI] were added as cosponsors of Senate Joint Resolution 137, a joint resolution designating January 7, 1990, through January 13, 1990, as "National Law Enforcement Training Week."

#### SENATE RESOLUTION 113

At the request of Mr. HEINZ, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of Senate Resolution 113, a resolution to discontinue the use of

polystyrene foam products in the Senate Food Services.

# SENATE CONCURRENT RESOLUTION 41—RELATING TO HUMAN RIGHTS CONDITIONS OF JEWS IN ETHIOPIA

Mr. WILSON (for himself, Mr. BOSCHWITZ, and Mr. CRANSTON) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

## S. CON. RES. 41

Whereas the Universal Declaration of Human Rights of the United Nations, to which Ethiopia is a signatory, recognizes the right of free emigration;

Whereas any nation's willingness to permit emigration for the purposes of family reunification is a practical demonstration of respect and concern for basic human rights;

Whereas the termination of Operation Moses left tens of thousands of Ethiopian Jews separated from their families in Israel, Western Europe, and the United States;

Whereas the Government of Ethiopia denies both emigration opportunities and foreign visitation rights to the Ethiopian Jewish community;

Whereas most of the 15,000 Jews remaining in Ethiopia have been separated by the exodus of thousands of their relatives who have sought refuge in Israel, Western Europe, and the United States;

Whereas 1,500 Jewish children whose parents are still in Ethiopia live as "orphans of circumstance" in youth villages throughout Israel;

Whereas a significant percentage of the remaining Jewish population of Ethiopia consist of elderly, ill, or dependent children who increasingly require the assistance and support of their relatives abroad;

Whereas the Ethiopian Civil War and the practice of villagization has significantly aggravated the incidence of poverty, malnutrition and death among Ethiopian Jews since 1985;

Whereas the Government of Ethiopia has repeatedly expressed an interest in establishing a more extensive bilateral relationship with the United States: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—*

(1) a primary condition for improvement in relations between the United States and Ethiopia should be tangible progress in the human rights conditions for Ethiopian Jews, including the freedoms to emigrate, travel, and observe religious holidays, as well as a cessation of the "villagization" program and all other activities that divide, impoverish, or quarantine the indigenous Jewish community;

(2) the President and Congress should condition any potential resumption of United States aid to Ethiopia on the Ethiopian Government's progress in implementing the commitments it makes and has made to respect human rights; and

(3) the President should instruct United States representatives in all appropriate international fora to support this important effort to facilitate the reunification of separated Ethiopian families. In particular, the United States Ambassador to the United Nations should be directed to petition the U.N. World Food Program, the U.N. Security

Council, and the U.N. General Assembly to exert diplomatic and political pressure on the Ethiopian Government to develop and implement a policy for the sustained emigration of Ethiopian Jews.

Sec. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

● Mr. WILSON. Mr. President, I speak before the Senate this morning to raise my voice on behalf of a determined but brutally oppressed group of men and women who have been silenced through their torment by the Communist government of Ethiopia.

I refer to the Ethiopian Jewish community, now a collection of innocent families trying to flee from the crossfire of a raging civil war. The Jewish population of this country stands at approximately 15,000, and the regime in Addis Abbaba has tried to disintegrate the culture of these proud people by deliberately starving them, separating them, jailing them, and prohibiting them from worshipping together. As the spectacle of anti-Semitism haunted Auschwitz and the gulag four decades ago, so it terrorizes the villages of Ethiopian Jews today.

This situation, Mr. President, did not appear as bleak in 1984 and 1985, when the Government of the Sudan cooperated with Israel in implementing operation Moses. As a result, thousands of Jews left Ethiopia and flew from bases in the Sudan to their promised land. A successor operation conducted by the United States, known as Sheba, rescued several hundred more Ethiopian Jews and provided them a safe haven in our own country.

But neither Moses nor Sheba could liberate all of the Jews from their totalitarian captivity in Ethiopia. And so as late as 4 years after these noble rescue efforts, over 1,500 Ethiopian children in Israel remain separated from their parents while poverty, crop seizures, and forced collectivization continue to oppress the Jews who could not escape.

To focus the attention of Congress, the administration, and international organizations on the plight of Ethiopian Jewry, I introduce a resolution this morning, along with two distinguished cosponsors, Senators BOSCHWITZ and CRANSTON, urging the President to condition any potential resumption of United States diplomatic relations or direct assistance to the Ethiopian Government on specific improvements in the human rights conditions for Ethiopian Jews, including the right of free emigration.

Now this resolution, Mr. President, does not effect or recommend the cessation of humanitarian aid that America provides to the Ethiopian people through charitable institutions such as the Red Cross. It only addresses government-to-government contacts between the United States and Ethiopia and notes that at a time when the

Mengistu regime appears to be seeking economic technology and political legitimacy from the West, the United States will not sacrifice the captive peoples of this ancient African land to the stale traditions of international diplomacy.

This resolution asserts, Mr. President, that our country—a nation of many nations—has a moral obligation to insist upon the basic liberties of religion, exit, and assembly before we impart the taxpayer's money or knowledge to foreign dictators.

So by discussing this issue today, we bear witness to a legacy of repression. But I think that we should also take a few moments to celebrate the amazing endurance of faith. The Ethiopian Government can always storm the temple, lock the church doors, and fill its prisons. Yet the perseverance of Ethiopian Jews demonstrates that communism only makes the spirituality of its captives more vibrant, and the crowded jails represent not a victory for the political order, but the very weakness of its authority.

We must never give the Ethiopian Government, however, an excuse to forget. I am optimistic that if we constantly remind them with our message that the world is watching and that the world cares, they will hear more than a few of the quiet pleas for liberty coming from places like the mountains of Eritrea or the reeducation camps of Gondar. I appeal, then, to the Senate for the expeditious passage of this resolution. We cannot give up on these brave and enduring souls who refuse to give up on each other or their God. With our help, they can still give new life to the hope that agony suffered by the just may yet bring victory.●

● Mr. BOSCHWITZ. Mr. President, today it is my privilege to cosponsor Senate Concurrent Resolution 41, introduced by my colleague Senator WILSON and also cosponsored by my colleague Senator CRANSTON. This bill expresses the sense of Congress that any future improvement of diplomatic relations with Ethiopia should be continued upon Ethiopia's willingness to allow free emigration for its Jewish minority.

There have been reports recently that Ethiopia seeks and welcomes improved relations with the United States. This resolution will put Ethiopia on notice that Congress will be watching to see that it upholds its commitment to free emigration. Ethiopia voluntarily accepted this commitment when it became a signatory to the U.N.'s Universal Declaration of Human Rights. The Mengistu regime has never renounced Ethiopia's adherence to the declaration.

The approximately 15,000 Ethiopian Jews who are still in Ethiopia are in desperate straits. They suffer from po-



litical oppression, poverty, malnutrition, and lack of opportunity. Most of those who remain are divided from their families in Israel. Parents left in Ethiopia have been cut off from their children. Children have been divided from their parents now living in Israel. This is simply intolerable.

By comparison, the upward of 10,000 Ethiopian Jews who were able to flee Ethiopia to Israel earlier this decade with the help of the United States have found the freedom from discrimination, the educational and professional opportunities, and the economic advantages so sorely lacking in the land of their birth. In Israel, they were welcomed in a generous outpouring of national support rivaling that given to any other refugee group in any country in the world.

Mr. President, as Senate cochairs of the Congressional Caucus on Ethiopian Jewry, Senator CRANSTON and I have spearheaded congressional measures calling on the Ethiopian Government to recognize the right of family reunification. Senator WILSON has always been active on behalf of Ethiopian Jewry. Despite our efforts, the struggle still goes on. I believe that Congress must continue to lend its support, and I strongly urge my colleagues to support this measure. ●

#### SENATE RESOLUTION 141—AUTHORIZING REPRESENTATION BY THE SENATE LEGAL COUNSEL

Mr. DASCHLE (for Mr. MITCHELL, for himself and Mr. DOLE) submitted the following resolution; which was considered and agreed to:

##### S. RES. 141

Whereas, in the case of *The Honorable Alcee L. Hastings, United States District Judge v. The United States Senate, et al.*, No. 89-1602, pending in the United States District Court for the District of Columbia, the plaintiff has named as defendants the Senate; the Impeachment Trial Committee that has been appointed pursuant to Senate Resolution 38, 101st Congress, and Rule XI of the Rules of Procedure and Practice in the Senate When Sitting on Impeachment Trials; Walter J. Stewart, the Secretary of the Senate; and Joseph E. Jenifer, the Acting Public Printer of the United States;

Whereas, pursuant to section 703(a) and 704(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. 288b(a) and 288c(a)(1) (1982), the Senate may direct its Counsel to defend the Senate and its Members, committees, and officers in civil actions relating to their official responsibilities: Now, therefore, be it

*Resolved*, That the Senate Legal Counsel is directed to represent the United States Senate, the Impeachment Trial Committee, and Walter J. Stewart, the Secretary of the Senate, in the case of *The Honorable Alcee L. Hastings, United States District Judge v. The United States Senate, et al.*

#### AMENDMENTS SUBMITTED

#### DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS, 1989

##### HEINZ (AND COATS) AMENDMENT NO. 133

Mr. HEINZ (for himself and Mr. COATS) proposed an amendment to the bill (H.R. 2072) making dire emergency supplemental appropriations and transfers, urgent supplementals, and correcting enrollment errors for the fiscal year ending September 30, 1989, and for other purposes, as follows:

On page 20, between lines 18 and 19, insert the following:

"STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE"

"Funds made available under the Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 1989 (Public Law 100-436), that are authorized under section 6 of the Wagner-Peyser Act (29 U.S.C. 49e) may be used to carry out the targeted jobs tax credit program under section 51 of the Internal Revenue Code of 1986."

##### ADAMS (AND OTHERS) AMENDMENT NO. 134

Mr. ADAMS (for himself, Mr. GORTON, and Mr. SYMMS) proposed an amendment to the bill H.R. 2072, supra, as follows:

Insert in the appropriate place:

The Secretary may use his section 32 authority in appropriate instances to stabilize the apple market and to satisfy the requests of recipient agencies.

##### METZENBAUM (AND GLENN) AMENDMENT NO. 135

Mr. BYRD (for Mr. METZENBAUM, for himself and Mr. GLENN) proposed an amendment to the bill H.R. 2072, supra, as follows:

At the appropriate place in the bill, insert the following new section:

"Sec. . From existing funds appropriated pursuant to Public Law 100-371, an act making appropriations for energy and water development for the fiscal year ending September 30, 1989, and for other purposes, the Secretary of the Army, acting through the Chief of Engineers, is directed to use \$500,000 to undertake preliminary engineering and design for a project at West Fork at Mill Creek Lake, Ohio, pursuant to section 1135 of Public Law 99-662, as amended."

##### GRAHAM AMENDMENT NO. 136

Mr. GRAHAM proposed an amendment to the bill H.R. 2072, supra, as follows:

On page 14, after line 24, insert:

Section 553(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 as contained in Public Law 100-461 is amended by adding two new subsections as follow:

(11) assistance consisting of sales and donations of agricultural commodities under

Public Law 480, in an amount not to exceed \$12,000,000.

(12) animal and plant health programs, where the assistance is primarily for the benefit of the United States.

#### NOTICES OF HEARINGS

##### SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS

Mr. LEAHY. Mr. President, I wish to announce that the Subcommittee on Nutrition and Investigations of the Committee on Agriculture, Nutrition, and Forestry will hold a hearing on June 15, 1989, at 2 p.m. on the reauthorization of WIC and child nutrition legislation. The hearing will be held in room 332, Russell Senate Office Building.

Senator TOM HARKIN will preside. For further information, please contact Mark Halverson of the subcommittee staff at 224-3254.

##### SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

Mr. LEAHY. Mr. President, I wish to announce that the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture, Nutrition, and Forestry will hold a hearing on June 9, 1989, at 10 a.m. on the state of agricultural research and on June 20, 1989, at 9:30 a.m. on the mechanisms for establishing priorities in agricultural research programs. The hearings will be held in room 332, Russell Senate Office Building.

Senator THOMAS A. DASCHLE will preside. For further information, please contact Robert Wise of the subcommittee staff at 224-2321.

##### SUBCOMMITTEE ON CONSERVATION AND FORESTRY

Mr. LEAHY. Mr. President, I wish to announce that the Subcommittee on Conservation and Forestry of the Committee on Agriculture, Nutrition, and Forestry will hold hearings on June 21, 1989, at 1:30 p.m. on the sustainability of forest resources and on June 22, 1989, at 9 a.m. on conservation and agricultural practices. The hearings will be held in room 332, Russell Senate Office Building.

Senator WYCHE FOWLER, Jr., will preside. For further information, please contact Duboise White, Jr., of the subcommittee staff at 224-2035.

##### COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. JOHNSTON. Mr. President, I would like to announce for the public that a nomination hearing has been scheduled before the full Committee on Energy and Natural Resources.

The hearing will take place Monday, June 12 at 10 a.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The purpose of the hearing is to consider the nominations of Cy Jamison to be Director of the Bureau of Land

Management, and Frank A. Bracken to be Under Secretary of the Interior.

For further information, please contact Nancy Blush at (202) 224-3606.

Mr. WIRTH. Mr. President, I would like to announce for the public that a hearing has been scheduled before the full Committee on Energy and Natural Resources.

The hearing will take place Thursday, June 22, 1989, at 2 p.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on trends in domestic CO<sub>2</sub> emissions as they contribute to the phenomenon of global warming.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, anyone wishing to submit written testimony to be included in the hearing record is welcome to do so. Those wishing to submit written testimony should send two copies to the full committee, SD-306, Washington, DC 20510.

For further information, please contact Leslie Black of the committee staff at (202) 224-9607 or David Harwood, legislative assistant with Senator WIRTH at (202) 224-5852.

#### SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. FORD. Mr. President, I would like to announce for the Senate and the public that the hearing originally scheduled before the Subcommittee on Energy Research and Development on June 6, 1989, at 2 p.m. on the current and future use of alternative motor vehicle fuels in the United States has been rescheduled.

The hearing will now take place on Thursday, June 8, 1989, at 2 p.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

For further information, please contact Ben Cooper or Teri Curtin at (202) 224-7569.

#### AUTHORITY FOR COMMITTEES TO MEET

##### SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Social Security and Family Policy of the Committee on Finance be authorized to meet during the session of the Senate on June 2, 1989, at 9:30 a.m. to hold a hearing on bills to improve public confidence in Social Security.

The PRESIDING OFFICER. Without objection, it is so ordered.

##### SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate, Friday, June 2, 1989, at 10 a.m.

to conduct hearings on S. 566, the National Affordable Housing Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

##### SUBCOMMITTEE ON THE JUDICIARY

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, June 2, 1989, at 10:30 a.m. to hold a hearing on the ABA's judicial evaluation.

The PRESIDING OFFICER. Without objection, it is so ordered.

##### SUBCOMMITTEE ON DEFENSE INDUSTRY AND TECHNOLOGY

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Defense Industry and Technology of the Committee on Armed Services be authorized to meet Friday, June 2, 1989, at 8:30 a.m. in open session to receive testimony on acquisition policy and the defense industrial and technological base.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ADDITIONAL STATEMENTS

##### TERRY ANDERSON

● Mr. MOYNIHAN. Mr. President, today marks the 1,539th day of captivity for Terry Anderson in Beirut.

I ask that an article printed in the March 12, 1989 Philadelphia Inquirer be printed in the RECORD.

The article follows:

STILL HOSTAGES—SOMEWHERE IN LEBANON, NINE MEN LANGUISH, FEARING THE UNITED STATES HAS FORGOTTEN THEM

It was a wintry day in Beirut in 1987 when Thomas Sutherland reached for the bag to end his frustration.

For two years he had been held hostage in Lebanon. For almost 700 days he had been locked in a windowless room.

"Your family has forgotten you," the Shiite Muslim guards taunted him. "They've gone on with their lives."

Before, there had been the company of other hostages. Now he was alone.

He picked up a red plastic garbage bag next to his mattress, pulled it over his head and tightened the bottom around his neck. And he tried to suffocate himself.

Today Thomas Sutherland remains a hostage in Beirut. Several attempts taught him that self-suffocation is not easy.

He is one of nine Americans held hostage by Muslim extremists who also hold six other Westerners.

Theirs is a wretched captivity, marked by endless waiting for a release that may never come, random threats from youthful gunmen and tantalizing glimpses of the outside world they once knew.

As the months turn into years, the hostages are beset by fear that they have been forgotten by their countrymen and their government.

Their lives are equal parts fear, frustration and monotony.

"They're kept like blind rabbits in a box," says David Jacobsen, a hostage who was released in 1986.

The Americans held in Beirut live in tiny, windowless rooms in the city's southern

slums. Some are chained by the wrist or ankle 24 hours a day. Others live in cells barely big enough to fit their mattresses.

Their torture is rarely physical.

There is enough to eat and hostage Robert Polhill receives a daily insulin shot. There is television—Knots Landing to the tune of machine-gun fire in the streets outside.

They are captives simply for the crime of being American, cut off from their families and their world. The same guards who occasionally give them popcorn also terrorize with mock executions. And every so often they are taped like mummies from head to toe, tossed into a truck and moved to a tiny room somewhere else.

One of them fled into the streets of Beirut, only to be turned in by neighbors sympathetic to his captors.

Another was beaten so badly for attempting to escape that he "isn't the same man anymore. He isn't trusting, almost like he had just gone into a shell."

Another hostage lies on his back all day, deliriously chattering to himself.

And three former Beirut University College professors can barely walk. Except for three daily bathroom trips, they are chained to a wall 24 hours a day.

From his cell, Terry Anderson has followed a Miss America pageant and the Seoul Olympics.

The longest-held of the hostages, Anderson will begin his fifth year in captivity on Thursday. Though struggling mightily to make use of the idle time, he has been known to bang his head against the wall in frustration.

In a videotape released by his captors last fall, Anderson, a correspondent for the Associated Press, asked why it was that President Ronald Reagan was able to free two trapped whales, but not Terry Anderson.

Back home, State Department officials say they are pursuing "every avenue" to free the hostages. But since the Iran-contra scandal, the United States has refused to make concessions to those who hold the hostages.

The kidnappers—Shiite Muslims who belong to the pro-Iranian Hezbollah, or Party of God—have made several demands, chief among them that the United States pressure Kuwait to release Shiite terrorists jailed in that country.

President Bush suggested in his inaugural address that release of the hostages would be interpreted as a gesture of good will on the part of Iran, and said, "Good will begets good will."

But a top-level Iranian official quickly slapped aside the olive branch, saying it was not the United States' place to dictate when or why the hostages should be released. It was up to the United States, he said, to make the first show of good will.

It is a stalemate between nations, and the freedom of nine Americans hangs suspended in the balance.

Terry Anderson, Thomas Sutherland, Frank Herbert Reed, Joseph James Cicippio, Edward Austin Tracy, Jesse Jonathan Turner, Robert Polhill and Alann Steen, thought to be held in Beirut, and William R. Higgins, believed to be in southern Lebanon.

Though all that the world has seen of them since they were kidnapped in Lebanon has been in grainy photographs and videotapes released by their captors, a good deal is known about their lives and conditions.

The following account was pieced together from interviews with their families, the



State Department and former hostages. The most recent information comes from released hostages who were debriefed by U.S. officials. Though they acknowledged that conditions may have changed, the ex-hostages and officials say that the routine of hostages' life has been firmly established after years of captivity.

A week before he was kidnapped, Terry Anderson poked a young photographer in the belly.

"Be careful," he said. "You're a soft target."

The fatherly warning was directed at Don Mell, just beginning his career with the Associated Press, but it also was an acknowledgment. Beirut, in 1985, was getting a little hairy.

Once it had been a cosmopolitan city, appreciated by foreigners for its Mediterranean views, sidewalk cafes and parties. It was more Western than most. Middle Eastern cities, and diplomats considered themselves lucky to be posted there.

But by 1985, the city had collapsed into a frightening chaos. After a decade of civil war, there was no defined front. Random car bombs exploded in shopping areas. Rubble littered the sidewalks. Bands of rival militias sniped at each other from positions all over the city as Lebanese police stood by.

Amid it all, Western journalists hopped back and forth, flashing press credentials to get through checkpoints.

"We all tried to be like spiders, with eyes in the backs of our heads," says Mell.

Anderson shrugged off the danger more easily than most. The chief Middle East correspondent for the AP, he was a tough, skeptical former Marine who had served two tours in Vietnam.

On this particular day, however, Anderson seemed nervous.

It was March 16, 1985, a beautiful Saturday morning. He and Mell had just finished their regular tennis match.

Throughout the match, a man watched from a green Mercedes parked nearby. And now, as they sat, sweaty and chatting in a car parked in front of Mell's house, the Mercedes pulled up behind them.

Four men jumped out. One grabbed Anderson in a bear hug, pulling him from the car.

"Terry had a look in his eyes like, 'Do something,'" recalls Mell. "He had the look of a man who was doomed."

But Mell couldn't budge. One of the men held a 9mm pistol to his head. As people froze in the street, Anderson was shoved into the back seat of the Mercedes.

Suddenly Terry Anderson, reporter, had become Terry Anderson, news story—Terry Anderson, hostage.

By all accounts, the first hours as a hostage are terrifying and bewildering.

The Rev. Lawrence Martin Jenco was snatched from the street and stuffed into the suffocating trunk of a car.

Bumping along in the dark and breathing the exhaust, he thought of death and of all the people he had seen on television, discovered dead in the trunks of cars.

"I had taught a course on death, but I realized I might not have time for all four stages (of acceptance)," Father Jenco said. "I asked the Lord to hurry."

Pulled from the trunk, he could not walk. He was dragged into a building and seated on a cement block. He found himself staring into the eyes of a young Lebanese man.

"You are dead," the man said.

Blindfolded and chained in a small room, most of the hostages spent the first terrifying weeks alone.

Thomas Sutherland, a mild-mannered professor who had spent much of his life teaching animal husbandry, called the closet where they kept him "the horse stall."

At first, his guards were interrogators, insisting he was a CIA agent. Their evidence: a Marine Corps medal they found in his briefcase. Sutherland had never been in the Marines or the CIA—the medal was a souvenir—but his denials only made his guards more suspicious.

They threatened him with death. They held their guns against his head and pulled the trigger.

A hollow click: an empty chamber.

At night he lay doubled over on a cot too large to unfold fully in "the horse stall." A light bulb dangled overhead, heating the already stifling air. Mosquitos feasted on his chained body. Outside his door the guards fired their rifles in the hallway.

Eventually, the guards gave up their terrorism. But he and other hostages were continually threatened for a variety of infractions—peeking from beneath a blindfold or stealing a spoon.

"One night a guard stood on my chest with a machine gun," recalls Father Jenco. "He said, 'You are not allowed to snore.'"

William Buckley, the CIA station chief in Beirut, was kidnapped March 16, 1984.

Apparently tortured, he caught pneumonia in the spring of 1985. He lay chained to a pillar in the middle of a room shared with two other American hostages.

The guards refused him a doctor. At times, they refused him water.

He withered gradually. Carried to the bathroom, he sat helpless on the floor.

Finally delirium and hallucinations set in. He died on June 3, 1985.

His last words: "I'd like some poached eggs and toast, please."

"Today, the hostages are held in Beirut's southern suburbs, a neighborhood of crooked dirt roads and bombed-out houses.

It is a life of unrelenting boredom and numbing loneliness.

"Another day, another dollar," Terry Anderson says to greet each new day.

Sutherland and Anderson share a room with gray walls and a single air vent. The windowless room measures about 36 square feet and has two light bulbs—white for day and blue for night.

The door is double-locked.

Except for a 15-minute trip to the bathroom each morning, they never leave the room.

In winter, the room is cold. In summer, the air is fetid and they sweat into their cotton mattresses. In nearly four years, they probably have seen the moon once.

In the morning, before the guards come, they pray. They have nicknamed their religion "the church of the locked door." Anderson has fashioned a rosary bead chain from string and bits of fuzz.

The guards arrive about 8 a.m., unlocking the door. Before it swings open the hostages are required to don blindfolds. Their captors don't want to be seen.

Within 15 minutes in the bathroom they must wash, use the toilet and clean their spoon and bowl. The rest of the day, they urinate into bottles.

After the bathroom, there is breakfast—often yogurt or bread and cheese. Then Anderson furiously cleans his mattress for half an hour with a broom.

Lunch is heartier—stew, perhaps—and supper is often bread and soup.

Sometimes it is as though they are living behind a one-way mirror—hidden from view but catching glimpses of the outside world.

The guards allow them to watch television—Knots Landing or, on one occasion, the Miss America pageant in Atlantic City.

Though news programs are banned, the guards have shown them videotapes of their families pleading for their release. And the hostages know that U.S. officials refuse to make concessions to win their freedom.

They know they were not an issue in last fall's presidential campaign. They know Ronald Reagan interceded to help save two trapped whales off Alaska.

Anderson, already critical of U.S. policy, has become deeply cynical. He feels forgotten by the U.S. officials.

In four years of captivity, he has become like a caged animal. Always active, questioning and restless, he is nearly manic.

He runs in place—running so much that he has had to sew pads on his socks. He does push-ups—600 a day, in sets of 100.

He has a chess set made of the foil wrappers from processed cheese, La Vache Qui Rit. He also made a deck of cards, but the strictly religious guards confiscated them as un-Islamic.

Sutherland and Anderson lead each other on imaginary walks. Pacing in circles around their cell, Anderson, who used to work for the AP in Japan, describes Tokyo's shrines.

Sutherland, in turn, leads Anderson on tours of Scotland, where he was born. Often, the tours end in imaginary feasts. The Scotsman has spent three years fantasizing about strawberries and cream, and Manhattans.

Sutherland also recites Scottish poetry. At Colorado State University, where he used to teach, he was known as "the crazy Scotsman" because he amused his classes by showing up in a kilt and reciting Robert Burns' poetry.

Together, the two practice French, which Sutherland is teaching to Anderson. And they plan Anderson's farm in upstate New York. Anderson quizzes Sutherland, an agriculture teacher, on the number of boards, nails, chickens and cows he will need.

"Terry is very restless, very courageous. He is determined to use his time usefully," says Father Jenco, a former hostage who once was held with Anderson.

In the afternoon, the two men nap or read.

Lights out is at 9 p.m. The men lie on their mattresses, often listening to the fighting outside.

"You wake up early in the morning and you hope that something will happen today," recalls Mithileshwar Singh, a former hostage. "Nothing happens in the morning. So you keep hoping that something is going to come by noon. Nothing comes. You hope something will come by evening. Nothing comes. And then again you go to bed hoping that something will come tomorrow morning. How many days can you keep on hoping like this?"

Alann Steen, Robert Polhill and Jesse Turner live on three mattresses, chained to walls in a room without a window or vent. Their legs have atrophied so from lack of exercise that they have trouble walking.

Occasionally their guards bring them movies to watch—karate movies are the guards' favorite. But the three professors spend most of their time playing bridge.

"I sometimes wonder what they are doing after I left," says Mithileshwar Singh, a fourth professor, who was released in October. "You need four to play bridge."

Their guards and those of all the hostages display a curious combination of concern and cruelty.

Young men who are paid \$30 a month and speak a little English, they like to show off their weapons, even pointing out that some of their guns are American-made.

One guard, Badir, likes to treat the Americans to good, strong Arabic coffee in the mornings, but becomes petulant if he isn't thanked. Another guard wrestles with Anderson for fun, but insists that the former Marine keep his blindfold on.

Several who want to immigrate to America have asked the hostages for help.

They call the head of Anderson's guards "the Hajj," or boss. A small man who is a junior cleric, the Hajj likes to discuss politics and religion. He lectures the captives on Islam, and often complains about the United States.

"Why doesn't your government talk to me?" he asks.

The days slip by in slow motion for the men trapped behind the looking glass. In a world in which each day seems as meaningless as the last, they search for dates or signs that hold some sense of promise.

Last fall, the professors hoped they would be released in time for the U.S. presidential election. When that date passed they settled on Jan. 20, the day that Ronald Reagan would leave office.

When no date holds meaning, they consider the implications of every action by their captors. Each move from one house to another is taken as a possible sign of impending release.

So are changes of clothes, haircuts and Western food. And the guards themselves fuel the hostages' hopes.

"You will be released soon," they often say. "Then we can go home."

The most potent military the world has ever known is impotent to save its citizens in Beirut.

A U.S. rescue attempt "would be suicidal," says former hostage Jean-Paul Kauffmann.

Though the State Department says a rescue has not been ruled out, officials acknowledge that all the hostages might die at the first sign of a rescue attempt.

And the hostages know it.

And their desperation deepens.

Frank Reed and Alann Steen both attempted escape. In 1987, Steen ran from the building where he was held, only to be turned in by watchful neighbors.

Both men were beaten for their efforts—Reed so badly that his daughter, Marilyn Langston, says, "My father isn't the same man anymore, I've been told. It's almost as if you touched someone and they flinched. Almost like he had gone into a shell."

It has been a breaking strain for several of the hostages. Edward Austin Tracy, 58, has "gone mad," according to Jean-Louis Normandin, a French cameraman who was held with him.

An itinerant writer who has roamed the world writing children's books, Tracy lives in fear of his guards. Normandin said he "lies prostrate on his back, talking to himself all day long."

The breaking point came in 1987 for Thomas Sutherland.

Missing his family and beset by a feeling that he would never see freedom, Sutherland began talking more and more of suicide.

One morning fellow hostage David Jacobson awoke to find Sutherland with a plastic garbage bag pulled over his head.

"What are you doing?"

Sutherland sheepishly took the bag off his head.

"Trying an experiment."

Even Terry Anderson, perhaps the most resilient of the hostages, finally broke.

On Christmas Eve in 1987 he began beating his head against the wall until it ran with blood.

Said a fellow hostage, "He lost his courage."

Several months later the captors released a videotape. A weary Terry Anderson, his hair freshly clipped, spoke in a measured tone as he stared into the camera:

"I'm in good health, but tired and very lonely . . . Mr. President, I say again, this cannot continue. There is a limit to how long we can last. Some of us are approaching that limit very rapidly."

#### JOHN C. DUGAN

● Mr. GARN. Mr. President, I rise today to pay tribute to John C. Dugan, the Republican general counsel of the Senate Committee on Banking, Housing and Urban Affairs. Mr. Dugan left this post, after a job very well done, in order to become the Deputy Assistant Secretary for Financial Institutions Policy in the Department of the Treasury.

John's career is already very distinguished. He graduated with honors from the Harvard Law School in 1981. After spending 4 years with a private law firm practicing in the international trade area, he joined the Senate Banking Committee staff in 1985 as Republican counsel for banking issues. Within a short period, he became an indispensable member of the staff, helping to draft both the financial deregulation bill and the Senate's FSLIC recapitalization bill of 1986.

Less than 2 years after joining the committee, John became the Republican general counsel, and in this role was instrumental in crafting the CEBA Legislation which was enacted into law in 1987. Just one example of John's dedication to the Senate is that he nearly missed his wedding and gave up his honeymoon in order to assist the committee in its deliberations on this important legislation in the summer of 1987.

As general counsel, John has proved to be a valuable asset to all members of the Banking Committee. His expertise and in-depth knowledge of the banking laws has been ably demonstrated time and again. John played a major role in drafting the bipartisan Proximité Financial Modernization Act, which passed the Senate by an overwhelming margin last year. This time his wife Beth's dedication was tested as she had to manage their move to a new house singlehandedly during debate on the bill.

In recent months he has been instrumental in assisting committee development of the Financial Institutions Reform, Recovery and Enforcement Act which was recently passed by the Senate, and which may be one of the

most significant pieces of banking legislation in this century.

John's integrity, ability to work with staff and Members on both sides of the aisle, and devotion to the public interest are beyond question. I hold John in the highest regard, both personally and professionally, and his departure will be a real loss to the committee. I know that John Dugan will continue to make an important contribution in his new role in the Department of the Treasury, and I wish him the best of luck in his new position. ●

#### PRIVATE PURPOSE MUNICIPAL BONDS

● Mr. BENTSEN. Mr. President, the Congress fought off efforts by the administration to tax all interest on so-called "private purpose" municipal bonds during debate on the Tax Reform Act of 1986. There are not any proposals on the horizon to revisit that issue, much less public purpose bonds. There is a strong feeling in the Congress that the Federal Government should not interfere with the tax exemption for public purpose bonds. That exemption is important to the achievement of many crucial public policy objectives, and I would strongly oppose any suggestion to repeal it.

Last year, however, in the South Carolina versus Baker case, the U.S. Supreme Court ruled that the U.S. Constitution does not guarantee the tax exemption of interest on bonds issued by State and local government. Since that time, a number of State officials, including my good friend Ann Richards, treasurer of the State of Texas, have urged the Congress to propose to the States for ratification a constitutional amendment prohibiting the Federal Government from imposing tax on interest paid on public obligations. I have been asked to enter into the RECORD a resolution to this effect passed by the Texas State Legislature, and I ask that it be printed in the RECORD.

The resolution follows:

#### SENATE CONCURRENT RESOLUTION

Whereas, In *South Carolina v. Baker*, the Supreme Court of the United States ruled that the constitution does not prohibit the federal government from taxing the interest on state and local government bonds; and

Whereas, In the same opinion, the court also ruled that the states must find protection from congressional regulation through the political process; and

Whereas, The federal government has reduced financial support for state and local government projects while the need for public initiatives has grown; and

Whereas, State and local bonds are an increasingly important source of revenue for state and local governments to finance public initiatives; and

Whereas, Taxation of the interest earned on state and local government bonds would directly add to the costs of essential public



initiatives and impair their development; and

Whereas, Congress has refrained from taxing the interest earned on such bonds in the past; now, therefore, be it

*Resolved*, That the 71st Legislature of the State of Texas hereby memorialize the Congress of the United States to propose to the states for ratification the following amendment to the United States Constitution:

The congress shall not have the power to lay and collect taxes on income representing interest on obligations issued by or on behalf of the several states and their political subdivisions to raise revenues for governmental undertakings and operations for a public purpose or to finance property owned and operated by governmental entities for a public purpose.

This article shall not restrict the power of the congress to exclude from taxation income or other amounts derived from other obligations issued by or on behalf of the several states or their political subdivisions.

; and, be it further

*Resolved*, That the Texas Secretary of State forward official copies of this resolution to the President of the United States, the Speaker of the House of Representatives and the President of the Senate of the United States Congress, each member of the Texas delegation to the congress, the chairman and members of the Ways and Means Committee of the House of Representatives, chairmen and members of the house and senate judiciary committees, and the chairman and members of the Finance Committee of the Senate of the United States Congress with the request that this resolution be officially entered into the Congressional Record as a memorial to the Congress of the United States of America.●

### THE INTERNATIONAL ECONOMICS SCENE

● Mr. SYMMS. Mr. President, the international economics scene is increasingly of concern to us in the Congress, as the United States becomes more and more involved in world trade and world finance—or perhaps I should say, as the rest of the world becomes increasingly involved in the United States.

Many of my colleagues look with worry and alarm at the growing economic strength of our trading partners. I have repeatedly said both here and in the Finance Committee that the health and welfare of our friends is, and should be, a cause for good feelings because in economics, unlike politics, the stronger and healthier the other guy is, the more he can do for you and with you to your mutual advantage.

In politics, as in many adversarial situations, a strong opponent is just that—an opponent. We need to keep in mind these days, when so many voices are talking about international economics as if it were an adversarial game rather than a game of mutual profit and prosperity, that America is going very, very well, thank you; and we want to keep the good times rolling.

Because it is so easy to see a dark lining behind every silver cloud, we have also seen a rising sentiment toward protectionism, with the trade deficit as the excuse the protectionists use to put a "public interest" face on some purely private interests.

Yet as two articles clearly show, published in the May 29, 1989, issue of the Washington Times, by columnists Patrick J. Buchanan and Warren T. Brookes, the U.S. economy, spearheaded by a strong export performance, is still on an upswing, resulting in a recent drop in the trade deficit. This was accomplished in spite of a strong dollar, which according to many economists should have made our exports more expensive, and therefore, less competitive.

Indeed, the rise of the U.S. dollar in recent weeks, as Pat Buchanan's article shows, attests to the strength and the confidence others have in the U.S. economy.

Mr. President, the message of these two articles is clear. We must not get mired down in policies to manipulate the exchange rate of the dollar. I have often said, no nation has ever gotten richer by debasing its currency, and the calls for a lower dollar are exactly that.

We must encourage and support free trade. Protectionist measures, which could lead to a trade war, would be harmful to the United States as well as to the global economy. Everybody would be worse off; nobody would gain an advantage.

I ask that the two articles, by Mr. Buchanan and Mr. Brookes, be included in the RECORD.

The articles follow:

[From the Washington Times, May 29, 1989]

#### RIDING HIGHER ON A FREE TRADE WAVE (By Warren T. Brookes)

As Memorial Day dawns, a lot of Washington free-market economists will be putting flowers on the Reaganomics grave, convinced that President George Bush or at least some of his advisers are now trading away market economics for the fool's gold of protectionism, mercantilism and corporate state welfareism.

If Mr. Bush listens to Commerce Secretary Robert Mosbacher and the hysterical shakedown of the lustful electronics industry who last Thursday said the sky would fall if Congress didn't give them \$1.4 billion, he might easily be tempted.

But if Mr. Bush is listening to his wise chief economic adviser, Michael Boskin, lecture on the foolishness of such ideas, he will stop to consider the remarkable performance of the current economy, and nip this crackpot protectionism in its June bud.

The May 17 good news on the falling U.S. trade deficit was almost entirely the result of a powerfully vigorous U.S. export sector, which is now expanding rapidly enough to offset easily the sharp slowdown in the domestic economy engineered by the Federal Reserve. This demonstrates that, as Mr. Boskin warned recently, "the greatest danger to the current recovery would be a trade war."

Mr. Boskin is right. Not only is free trade crucial to continued expansion, but, contrary to conventional wisdom, it is the main stimulus of a now strongly rising standard of living.

Back on April 28, the U.S. Commerce Department reported that personal income rose another 0.8 percent in March, bringing the first-quarter rise (December to March) to an amazing annual rate of nearly 15 percent, more than 9 percent real.

In the 76th month of the nation's longest peacetime recovery, year-over-year per capita disposable personal income rose a powerful 3.8 percent, getting steadily stronger.

#### OUR RISING LIVING STANDARD

(Trends in real personal income; in percent)

	Total	Per capita	Per capita disposable
Averages:			
1970-75	2.7	1.6	1.9
1975-80	3.3	2.2	1.7
1980-85	2.8	1.8	1.8
1985-88	2.9	1.9	2.2
Year-to-year:			
1988-1	3.2	2.2	1.9
1988-2	3.3	2.4	3.2
1988-3	3.4	2.5	3.4
1988-4	2.6	1.7	2.7
1989-1	3.7	2.8	3.8

Source: Bureau of Economic Analysis.

But even before this good news could sink in, the following Monday (May 1), The Wall Street Journal featured a lead story by The Journal's top economics reporter and usually skillful Reaganomics critic, Alan Murray, with the headline:

"Many Americans Fear U.S. Living Standards Have Stopped Rising." But Mr. Murray's story ignored the factual evidence of a very strongly rising standard of living and rested entirely on a poll by The Journal and NBC News, in which "despite seven years of solid economic growth, Americans who think the standard of living is falling narrowly outnumber those who think it is rising."

Mr. Murray reported that "although 63 percent think their generation is better off than that of their parents, only 40 percent are confident that their children's generation will be."

Given the incredibly relentless gloomy assessment of the Reagan years by its critics (sometimes disguised as reporters), that weak confidence about the future is not too surprising.

The language of the Journal's report was illustrative:

"The economic confidence of the postwar years has faded." But, in fact, consumer confidence as measured by both the Conference Board and the University of Michigan has remained at near-record levels, after recovering from the 1987 October crash.

"Has the American dream of ever-rising living standards vanished, dwindled to a faint hope, or merely gone into hibernation?" The Journal asked. But, Gallup and other polls show no change in the traditional connection between confidence in the future and real personal income growth, now so strong.

So much so, in fact, that the University of Michigan was able to predict the 1988 presidential election outcome and margin in June 1988 within half a percentage point, using income data.

"Although the rise of living standards has slowed, it hasn't stopped," Mr. Murray ad-

mitted condescendingly. Indeed it hasn't. Over the last six quarters, per capita disposable income has risen at an average rate of more than 3 percent—equaling the nation's best performance of the 1960s and better than in any other decade.

But he added, "In the past decade and a half, the economy's ability to provide greater returns to every working American has faltered." Yet the recovery from 1982 to 1988 has raised per capita disposable income by an average of 2.7 percent a year, compared with 2.4 percent for the recovery of 1975 to 1979, and only slightly below a war-hyped 3.0 percent rate 1960 to 1970.

In short, there is no evidence that U.S. living standards are on anything but a solidly improving trend, suggesting that *The Wall Street Journal* piece was interesting opinion but otherwise a "non-story."

Such deliberate efforts to downgrade the real success of the Reagan economy seem to have intensified ever since it was learned that on April 23, Mr. Bush spent nearly three hours discussing economic policy with some of the nation's most committed supply-siders.

That must have been as troubling to Reaganomics critics as it was reassuring to Mr. Bush's free market critics, who can now only hope Mr. Bush takes their advice.

[From the Washington Times, May 29, 1989]

#### SIGNAL OF THE STRONG DOLLAR (By Patrick Buchanan)

In one uncharitable definition, a liberal is a man who devoutly believes what everyone else knows to be absurd.

Examples abound: The death penalty never deterred anybody! War never solved anything! The surest way to peace is through disarmament. We and the Soviet must learn to trust each other. There is no such thing as a bad boy.

From recent commentaries, let me append another: A weaker dollar means a stronger America.

Lately, the U.S. dollar has begun a strong recovery of the immense value lost against other currencies in recent years. Where, back in 1985, the dollar bought nearly 240 yen, by last year, its value had plummeted to 120. Cheering this collapse, economists clamored for even deeper drops. The dollar, however, had other ideas. Months ago, it turned around and headed north, passing 140 yen last week, and cruising past two marks, the highest level against the German currency in more than two years.

"The dollar is king," said one foreign banker; reading the remark, I quietly exulted.

Apparently, however, this natural sentiment was blockheaded, if not un-American. Rather than take satisfaction in the new strength of the dollar, our gurus are falling all over one another in apprehension. We have lost control they say; the global agreement to keep the dollar down is falling apart; this is a disaster. We must act!

But, why?

American troops on the front line of freedom, in Germany and Korea, and U.S. diplomats, are paid in dollars. When its value rises, their standard of living rises; American businessmen and tourists find that their travelers checks go further, that they themselves are better treated. Is this bad for America?

The stronger the dollar, the more U.S. foreign aid buys for poor countries. And, while there are chronic complaints that the Brits, Dutch and Japanese are buying up

our basic industries and real estate, a stronger dollar makes it easier for us to buy up theirs.

As the dollar rises, imports become cheaper; this increases the options of U.S. consumers, maintains healthy competitive pressure on U.S. business to keep prices down, to perform more efficiently. A strong dollar is anti-inflationary. That's bad?

If the dollar continues its rise, we are warned, Federal Reserve Chairman Alan Greenspan may be forced to cut interest rates. Are we supposed to tremble at a move that would make it easier for the average citizen to buy a home or a car? Go ahead, Alan, make our day!

The key argument against a strong dollar, however, is this: The stronger the dollar, the cheaper the imports, the more expensive our exports; thus, the larger the trade deficit, the worse the situation for U.S. business, and, eventually, for jobs in the United States.

But, does the argument hold water?

If trade deficits destroy jobs, how did the United States, running the largest trade deficits in history, create 18 million new jobs in the Reagan recovery, while Europe, with its surpluses, didn't create one. How, with these historic deficits, was our jobless rate cut in half, to 5 percent?

There comes a point when Chicken Little has to produce. When, exactly, is the sky going to fall?

Beginning in 1985, the United States began, deliberately, to push down the value of the dollar. To me, it never made sense. At 240 yen, a \$50 billion trade deficit will buy twice as many cars, computers and TVs from Japan, as a \$50 billion trade deficit at 120 yen. Isn't it better for America to have those extra goods?

Why complain, says Milton Friedman, if foreigners are willing to trade their products for little pieces of American paper?

During America's expansionary century before World War I, we ran a trade deficit every year; during the Great Depression, however, we ran a nice surplus. Mexico and Brazil have large trade surpluses; do we want to imitate them?

The dollar rises in value when the demand for dollars rises. Why do people want dollars? Not to eat them or stuff them into mattresses, but because they need dollars to buy from America or to invest in America. Isn't this then a sign of strength? As the dollar has risen, the stock and bond markets have risen as well; are these the signs of a weak economy?

Some economists are warning that if the dollar continues its rise, we will face new protectionist legislation from Congress.

Here, we come to the heart of the matter. Our problem is not economic, it is political. It is not the patient, the U.S. economy, which is doing well; but the doctor, the Congress, which may panic and conduct unnecessary and savage surgery, because it does not comprehend what it is hearing on the stethoscope.

When it is not necessary to change, it is necessary not to change. The old adage would serve the president well. As he keeps one eye on the dollar, he should keep a sharper eye on the Congress.

No nation ever perished because its currency was too strong; many have perished because a legislature was too foolish.

#### REASON FOR ABSENCE

● Mr. MURKOWSKI. Mr. President, I wish to advise my colleagues of the

reason for my absence from the Senate this week. Beginning on Friday, May 26 and continuing through Saturday, June 3, I will be conducting a series of town meetings throughout Alaska on the effects of the *Exxon Valdez* oilspill. While I regret having to be absent from the Senate and having to miss votes on the supplemental appropriations bill, I believe it is more important for me to be in my home State during this week.

Since March 24, 1989, when the *Exxon Valdez* spilled 11 million gallons of crude oil in Prince William Sound, the citizens of Alaska have been struggling to make sense out of this catastrophe. They have asked themselves and each other innumerable questions:

How could such an accident happen?

Why was the initial response to the spill so inadequate?

How could the oil industry and the Government be so unprepared to deal with a disaster of this magnitude?

Why are the cleanup efforts so disorganized and apparently ineffective?

But the most important question all Alaskans have been asking is: How can we ensure that such a catastrophe does not happen again?

Mr. President, I do not mean to imply that people who do not live in Alaska have not asked themselves the same questions. They have and will continue to do so. But I believe that the citizens of Alaska, because they are the people most directly affected by this disaster, have pondered these issues more than most.

Mr. President, the asking of all these questions has not been a futile effort. To the contrary, Alaskans are reaching conclusions and are providing answers to those questions. And, that is why I arranged the town meetings in Cordova, Valdez, Homer, Soldotna, Anchorage, Fairbanks, Palmer, Seward, and Kodiak. I wanted to hear firsthand what Alaskans are thinking about these questions and about the oilspill in general. I wanted to understand what they are feeling and what they think we in Congress ought to be doing to respond to the oilspill.

Most importantly, Mr. President, I wanted to know what Alaskans think the Congress should do to ensure that such an oilspill does not happen again.

When I return to the Senate next week I intend to share with my colleagues what I have learned from these town meetings.●

#### ETHICS VERSUS GOVERNMENT SERVICE

● Mr. BOSCHWITZ. Mr. President, the *Wall Street Journal* recently editorialized that "Washington's current obsession with 'ethics' has produced rules so absurd that we are losing the best people in the executive branch and soon may wreck the judiciary."



Meanwhile, it concludes, "there's loud silence from the branch that needs a strong dose of genuine ethics—Congress."

Our ethics rules should be a positive element in attracting and retaining the best and brightest of our Nation's citizens to public service, not a detriment. Unfortunately, that does not always seem to be the case today and many of the proposed changes could make the situation worse. As is so often the case, this Wall Street Journal's editorial is well worth reading. I ask that it be printed in the RECORD.

The editorial follows:

#### ETHICS VS. GOVERNMENT SERVICE

Will the last qualified employee leaving government service please turn off the lights?

Washington's current obsession with "ethics" has produced rules so absurd that we are losing the best people in the executive branch and soon may wreck the judiciary. Six top NASA officials, including the man in the number-three job and the Director of the space station, said this week they will resign before the latest ethics law takes effect. At least 12 people have turned down the offer to become the Pentagon's Undersecretary for Acquisition. The culprit here is the new set of prohibitions on post-government jobs, rules that would make these officials virtually unemployable in the private sector.

While the born-again ethicists are wreaking a kind of generalized havoc among federal executives, the problem has become particularly acute for the federal judiciary, since President Bush recently proposed a law that would force several of the most widely respected judges to resign.

Mr. Bush went beyond the recommendations of his ethics commission to bind the outside income of federal judges. The President included in his modest request for a 25% pay raise for judges that they also be limited to 15% of their salary from outside income of any kind. This is a draconian solution in search of a problem. No one has accused any judge of writing a non-book for 55% royalties.

Take the case of Appeals Judge Richard Posner, the nation's most prolific jurist both as a legal opinion-writer (700 so far) and author. He says he will resign if the law takes effect. He earns royalties on 14 books, most of which were written before he went on the bench. His "Economic Analysis of Law" (3rd ed.) and "Law and Literature: A Misunderstood Relation" are not "Reflections of a Public Man." They are bought one by one by scholars, not in the hundred-weight by sundry lobbyists. They are published by Little, Brown and Harvard University, not by a Fort Worth ex-felon.

"It will be impossible to recruit first-rate academics to be judges under such a regime, unless the judge is independently wealthy," Judge Posner warned the Bush ethics commission in a letter that President Bush should read. "You will be writing *finis* to a tradition of extrajudicial book writing by prominent judges that includes the names of Holmes, Cardozo, Hand, Frank, Friendly and many others." Judge Posner also notes that the law includes vague criminal sanctions, and quite understandably refuses to run the risk of a politically inspired Independent Counsel sicked on him.

The ABA canon of ethics long has allowed judges to supplement their meager incomes

through scholarly writing and teaching. Other well-known judges who would suffer from the new rule include Stephen Breyer, Douglas Ginsburg, Frank Easterbrook, Ralph Winter, John Noonan and Ruth Bader Ginsburg.

There is an ironic dimension to President Bush's proposal. Washington's Legal Times newspaper reports, "Some Democrats in Congress see the potential financial woes of Easterbrook, Posner, and other high-profile Reagan appointees—and the possibility of resignations among these judges—as a good reason to hold back on judicial pay increases." They also may see it as a reason to vote a small raise that includes the new restrictions on outside income.

President Bush has made ethics a top priority, but this proposal would do nothing to improve ethics while sabotaging our justice system by shooting down its brightest stars. Meanwhile, there's loud silence from the branch of government that needs a strong dose of genuine ethics. Congressmen aren't even considering any new limits on their outside income. ●

#### DIRECTING SENATE LEGAL COUNSEL TO TAKE CERTAIN ACTIONS

Mr. DASCHLE. Mr. President, on behalf of Senators MITCHELL and DOLE, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 141) directing the Senate Legal Counsel to represent the Senate defendants in the Honorable Alcee L. Hastings, United States District Judge versus The United States Senate, et al.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution.

There being no objection, the Senate proceeded to consider the resolution.

Mr. MITCHELL. Mr. President, yesterday, Judge Alcee L. Hastings filed an action in the District Court for the District of Columbia to challenge the impeachment proceedings that are pending against him in the Senate. The Senate parties that are named in the lawsuit are the Senate itself, the Impeachment Trial Committee, and the Secretary of the Senate. The complaint also names the Acting Public Printer as a defendant because he would print the committee's report.

Judge Hastings' complaint includes the claims that were rejected by the Senate in March, namely, that the articles on bribery and perjury are barred by his 1983 acquittal and that the summary article, article XVII, fails to state a separate impeachable offense. His complaint also alleges that the use of an impeachment trial committee is unconstitutional, that the Constitution requires that the Senate pay his defense costs, and that various pretrial rulings of the committee violate due process.

This resolution would direct the Senate Legal Counsel to represent the

Senate defendants in this action to protect the Senate's sole power under the Constitution to try impeachments.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 141) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

#### S. RES. 141

Whereas, in the case of the Honorable Alcee L. Hastings, United States District Judge versus The United States Senate, et al., No. 89-1602, pending in the United States District Court for the District of Columbia, the plaintiff has named as defendants the Senate; the Impeachment Trial Committee that has been appointed pursuant to Senate Resolution 38, 101st Congress, and Rule XI of the Rules of Procedure and Practice in the Senate When Sitting on Impeachment Trials; Walter J. Stewart, the Secretary of the Senate; and Joseph E. Jenifer, the Acting Public Printer of the United States;

Whereas, pursuant to section 703(a) and 704(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. 288b(a) and 288c(1) (1982), the Senate may direct its Counsel to defend the Senate and its Members, committees, and officers in civil actions relating to their official responsibilities: Now, therefore, be it

*Resolved*, That the Senate Legal Counsel is directed to represent the United States Senate, the Impeachment Trial Committee, and Walter J. Stewart, the Secretary of the Senate, in the case of the Honorable Alcee L. Hastings, United States District Judge versus The United States Senate, et al.

#### THE CALENDAR

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar Numbers 63, 64, 65, 68, 73, and 74 en bloc; that committee amendments where indicated be agreed to en bloc; that the bills be read for the third time; that the bills and resolutions be deemed passed en bloc; that preambles to the resolutions, where indicated, be considered agreed to; and that a motion to reconsider the passage of these bills and resolutions en bloc be in order, and be laid upon the table.

I further ask unanimous consent that the consideration of these items appear individually in the RECORD.

The PRESIDING OFFICER. Without objection it is so ordered.

#### PRINTING OF A COLLECTION OF INAUGURAL ADDRESSES OF THE PRESIDENTS OF THE UNITED STATES

The concurrent resolution (S. Con. Res. 19) to authorize the printing of a collection of the inaugural addresses of the Presidents of the United States, was considered and agreed to; as follows:

## S. CON. RES. 19

*Resolved by the Senate (the House of Representatives concurring),* That a collection of the inaugural addresses of the Presidents of the United States, from President George Washington to and including President George H.W. Bush, compiled from research volumes and State papers by the Congressional Research Service, Library of Congress, be printed with illustrations as a Senate document; and that 16,200 copies thereof be printed, of which 5,150 copies shall be for the use of the Senate and 11,050 copies shall be for the use of the House of Representatives.

SEC. 2. Copies of such document shall be made available pro rata to Members of the Senate and House of Representatives for a period of sixty days, after which time any copies not used by the Members of either the Senate or the House of Representatives, respectively, shall revert to the Document Room of the Senate or of the House of Representatives, respectively.

#### AUTHORIZING PRINTING OF A COLLECTION OF RULES OF THE COMMITTEES OF THE SENATE

The resolution (S. Res. 134) to authorize printing of a collection of the rules of the committees of the Senate, was considered, and agreed to; as follows:

## S. RES. 134

*Resolved,* That a collection of the rules of the committees of the Senate, together with related materials, be printed as a Senate document, and that there be printed six hundred additional copies of such document for the use of the Committee on Rules and Administration.

#### CLARIFICATION ON USE AND DISPLAY OF THE SENATE FLAG BY COMMITTEES AND OFFICERS OF THE SENATE

The resolution (S. Res. 135) to amend Senate Resolution 369, 98th Congress, 2d session, relating to the Senate flag, to clarify the intent of the resolution that committees and officers of the Senate are permitted to display the flag, was considered, and agreed to; as follows:

## S. RES. 135

*Resolved,* That section 2 of Senate Resolution 369, agreed to September 7, 1984 (98th Congress, 2d Session), is amended by striking paragraph (1) and inserting the following:

"(1) purchase of the flag shall be limited to—

"(A) two flags for each Senator, or former Senator, subject to replacement for loss, destruction, or wear and tear;

"(B) two flags for each Senate committee, as determined by the chairman and ranking member, subject to replacement for loss, destruction, or wear and tear; and

"(C) two flags for each officer of the Senate, subject to replacement for loss, destruction, or wear and tear; and".

#### AMERICAN FOLK LIFE CENTER AUTHORIZATION

The bill (S. 1075) to authorize appropriations for the American Folklife Center for fiscal years 1990, 1991, and 1992, was considered, ordered to be engrossed for a third reading, read the third time, and passed; as follows:

## S. 1075

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 8 of the American Folklife Preservation Act (20 U.S.C. 2107) is amended—

(1) by striking out "and" after "1988"; and  
(2) by inserting after "1989" the following: ", \$998,000 for the fiscal year ending September 30, 1990, \$1,050,100 for the fiscal year ending September 30, 1991, and \$1,120,000 for the fiscal year ending September 30, 1992".

#### TECHNICAL CORRECTIONS TO CERTAIN PROVISIONS OF LAW

The bill (H.R. 964) to correct an error in Private Law 100-29 (relating to certain lands in Lamar County, AL) and to make technical corrections in certain other provisions of law, was considered, ordered to a third reading, read the third time, and passed.

#### ADVISORY COUNCIL ON HISTORIC PRESERVATION AUTHORIZATION ACT

The Senate proceeded to consider the bill (H.R. 999) to reauthorize the Advisory Council on Historic Preservation, which had been reported from the Committee on Energy and Natural Resources, with amendments as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

## H.R. 999

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act of October 15, 1966 (80 Stat. 915), as amended (16 U.S.C. section 470 et seq.), is further amended as follows: Section 212(a) is amended by deleting the last sentence and inserting in lieu thereof the sentence "There are authorized to be appropriated not to exceed \$2,500,000 in each fiscal [years] year 1990 through 1994".

The amendments were agreed to  
The amendments were ordered to be engrossed, the bill was read the third time and passed.

#### EXPRESSING THE SENSE OF THE CONGRESS THAT BUFFALO, NY, SHOULD HOST THE 1993 SUMMER WORLD UNIVERSITY GAMES

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Commerce Committee be discharged from further consideration of Senate Concurrent Resolution 31 which expresses the sense of the Congress that Buffa-

lo, NY, should host the 1993 Summer World University Games.

The PRESIDING OFFICER. The clerk will state the concurrent resolution by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 31) expressing the sense of the Congress that Buffalo, New York, should host the 1993 Summer World University Games.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. MOYNIHAN. Mr. President, I am most grateful to the Senate for the prompt passage of this resolution. Our support of the United States' bid for the 1993 Summer World University Games is a significant part of the overall effort to bring the games to this country for the first time, specifically to the city of Buffalo. I thank my colleagues for approving Senate Concurrent Resolution 31 and invite them all to Buffalo 4 years from this summer, where they, hopefully, can see first hand the fruits of their support for the games.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 31) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

## S. CON. RES. 31

Whereas the city of Buffalo has been endorsed by the United States Collegiate Sports Council to be the United States host city for the 1993 summer World University Games;

Whereas Buffalo is competing with Shanghai, People's Republic of China, to host the Games;

Whereas Buffalo, through the Greater Buffalo Athletic Corporation, is applying to the International University Sports Federation to be the host city for the 1993 summer World University Games;

Whereas since 1923, the International University Sports Federation, which organizes, promotes, and administers the World University Games, has been recognized throughout the world as an outstanding organization dedicated to international collegiate amateur sports competition;

Whereas the World University Games have a long and demonstrated record as a premier international amateur sports event, second only to the Olympic games;

Whereas the World University Games exemplify the heritage of peace and good will associated with amateur sports competition;

Whereas the World University Games would be an exceptional opportunity for the athletes from the different nations of the world to share their cultures with each other and the citizens of the United States and New York;

Whereas the summer World University Games would bring over 7,000 amateur athletes and several hundred thousand visitors to the United States; Now, therefore, be it



*Resolved by the Senate (the House of Representatives concurring), That the Congress—*

(1) supports the application of the Greater Buffalo Athletic Corporation to have Buffalo, New York, host the 1993 summer World University Games;

(2) urges the Secretary of State to provide assistance, if the 1993 summer World University Games are held in Buffalo, to the organizers of the Games by implementing special ease-of-entry procedures for the foreign athletes competing in the Games;

(3) supports the efforts of New York, the Greater Buffalo Athletes Corporation, and community leaders to ensure that the highest caliber athletic facilities are made available for the 1993 summer World University Games if they are held in Buffalo.

Mr. DASCHLE. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. DURENBERGER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### RECORD OPEN TO 3 P.M.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Record remain open today, Friday, June 2,

until 3 p.m. for the introduction of bills and statements.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ORDERS FOR TUESDAY

RECESS UNTIL TUESDAY, JUNE 6, 1989, AT 9:25 A.M.

##### PERIOD FOR MORNING BUSINESS

Mr. DASCHLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:25 a.m. on Tuesday, June 6.

I further ask unanimous consent that on Tuesday, the time for the two leaders be reduced to 2 minutes each, and that following the leaders' time, there be a period for morning business not to extend beyond 9:30 a.m., with Senators permitted to speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUME CONSIDERATION OF H.R. 2072 AT 9:30 A.M.

Mr. DASCHLE. Mr. President, I also ask unanimous consent that the Senate resume consideration of H.R. 2072, the supplemental appropriations bill, at 9:30 a.m., on Tuesday, June 6.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PROGRAM

Mr. DASCHLE. For the information of all Senators, when the Senate resumes consideration of the supplemental appropriations bill it will be under the terms of the consent agreement that is printed inside the cover of the Legislative Calendar. This agreement provides for no more than five first-degree amendments with relevant second-degree amendments in order thereto. Under the terms of the agreement any votes ordered on Tuesday will be stacked to occur no earlier than 4:45 p.m. on Tuesday. If there is more than one vote the first vote will be a 15-minute vote with all subsequent votes limited to 10 minutes.

Does the acting Republican leader have any further business?

Mr. DURENBERGER. No.

RECESS UNTIL 9:25 A.M.,  
TUESDAY, JUNE 6, 1989

Mr. DASCHLE. Mr. President, I ask unanimous consent that the Senate now stand in recess in accordance with the previous order until 9:25 a.m. Tuesday, June 6, 1989.

There being no objection, the Senate, at 1:36 p.m. recessed until Tuesday, June 6, 1989, at 9:25 a.m.